

AR53

Annual Report 1971



Anglo American Corporation of South Africa Limited

Message to members 2

Introduction 3

The year in brief 5

Directorate 7

Administration 8

Report of the directors 9

Accounts 41

Profile of the Group 53

Aan die leërs wat hierdie verslag in Afrikaans
verlaag, word versoek om in verbinding te tree
met die oordagsekretaris

HEAD OFFICE

44 Main Street, Johannesburg
P.O.Box 61587 Marshalltown, Transvaal

TRANSFER SECRETARIES

Consolidated Share Registrars Limited
62 Marshall Street, Johannesburg
P.O.Box 61051 Marshalltown
Transvaal, and

Charter Consolidated Limited
Kent House, Station Road
Ashford, Kent
England

ANGLO AMERICAN
CORPORATION
OF SOUTH AFRICA
LIMITED

Incorporated in the Republic of South Africa

55th Annual Report · 1971

Notice to members

Notice is hereby given that the fifty-fifth annual general meeting of members of Anglo American Corporation of South Africa Limited will be held at 44 Main Street, Johannesburg, on Friday, 9th June 1972, at 11 a.m., for the following business:

- 1 To receive and consider the balance sheet at 31st December 1971 and the accounts and the reports of the directors and of the auditors for the year ended on that date.
- 2 To elect directors in accordance with the provisions of the Corporation's articles of association.
- 3 To fix the remuneration of the auditors for the past audit.

The head office and United Kingdom transfer registers and the registers of members of the Corporation will be closed from 3rd June to 9th June 1972, both days inclusive.

Holders of share warrants to bearer who are desirous of attending in person or by proxy or of voting at any general meeting of the Corporation must comply with the regulations of the Corporation under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and speak and vote in his stead. A proxy need not be a member of the Corporation.

By order of the board
J. T. GOLDFINCH
Managing Secretary

18th May 1972
Registered Office
44 Main Street
Johannesburg

Anglo American Corporation is the head of an international group of mining, industrial and investment companies. In mining, the Group and its close associates, De Beers Consolidated Mines and Charter Consolidated, London have important interests in the production of gold and uranium, copper and nickel, coal, tin, potash, asbestos, diamonds, iron ore, lead, platinum, zinc and wolfram. In industry the Group's interests range from steel-making and heavy engineering to construction, transport and motor vehicles, paper and textiles, chemicals, drilling tools, refractories and food-stuffs. The Group is also active in property development in southern Africa and in insurance, merchant banking and the discount market, and computer services.

The Corporation's investments are held mainly through a number of specialised companies: Orange Free State Investment Trust and West Rand Investment Trust for the gold mining companies in those areas; Anglo American Investment Trust for the diamond mining and marketing companies; Anglo American Industrial Corporation for the industrial and commercial holdings; and, on a geographical basis, Zambian Anglo American, Anglo American Corporation Rhodesia, Anglo American Corporation of Canada, Australian Anglo American, and H.D. Development for the United States. Coal interests are held chiefly through African and European Investment Company and Vereeniging Estates, while Rand Selection Corporation, with which the Corporation has been closely associated since its formation, holds a diversified spread of investments similar to those of Anglo American Corporation itself.

The term 'group' has a wider meaning in the South African mining industry than its statutory definition of a parent company and subsidiaries. The mining finance houses in South Africa have traditionally operated 'the group system', whereby the parent house not only plays a role in the management of companies that are not necessarily subsidiaries, but provides them with a full range of administrative and technical services and is able, by virtue of its financial strength and standing, to assure them of capital for expansion and development. Thus the Anglo American Corporation Group comprises a large number of companies that in management and administration are closely linked to the Corporation but in which its direct and indirect shareholdings, though substantial, are generally less than 50 per cent. De Beers and Charter are separate organisations, not members of the Group, though they do draw upon the Corporation's technical services.

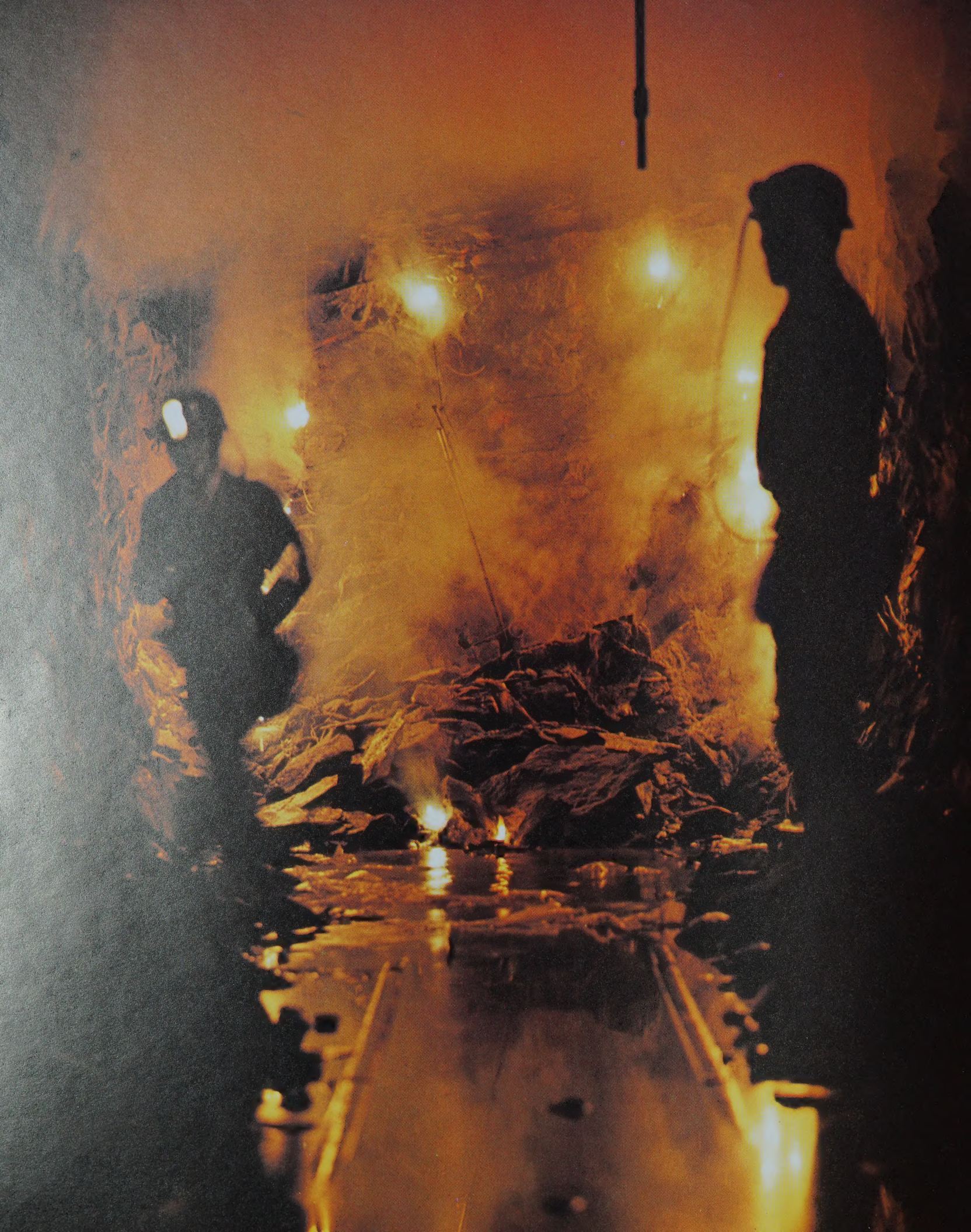
The philosophy underlying the Corporation's activities has not changed. There have been only two chairmen, Sir Ernest Oppenheimer, who was chairman from the formation of the Corporation until his death 40 years later in 1957 and his son, Mr Harry Oppenheimer. Sir Ernest defined the aim of the Corporation as being to make profits for its shareholders but to do so in such a way as to make a real and permanent contribution to the welfare of the countries where it operates. The present chairman has stated that this remains our policy. 'We bring to our task,' added Mr Oppenheimer, 'long and wide experience in many parts of Africa and great goodwill and faith, not only in the material but also in the human potential of the continent.'

The Corporation's roots are firmly planted in South Africa where it began; its chief interests are still in southern and central Africa and are continuing to grow there, both in mining and in a wide range of industries. But to an increasing extent its resources are now being applied internationally in mining and related fields, directly through Anglo American Corporation of Canada, Australian Anglo American and other Group companies, and indirectly through Charter and other associates. Geological exploration similarly has become world-wide. While southern and central Africa remain the main areas of activity, the Group is also involved in prospecting programmes in North America, Australia, the Far East and Europe.

The Corporation's original capital in 1917 was £1 million, which was raised from British, American and South African sources—hence the title 'Anglo American Corporation of South Africa'. The present capital and reserves exceed R297 million, and the Corporation's investments at the end of 1971 were valued at R927 million. The mining, industrial and property companies in the Group are valued at about R1 800 million.

The scale of mining operations is indicated by the fact that in 1971 the Group was responsible for 39 per cent of South Africa's gold output, equivalent to 31 per cent of world production (excluding communist countries), 29 per cent of South Africa's coal and about one-third of its uranium. Mines managed by the Group produced 63 per cent of Zambia's copper, equivalent to more than six per cent of world production.

With nearly 20 000 shareholders, the ownership of Anglo American Corporation is widely spread. For many years the majority of the share capital has been held in South Africa, with Britain and other European countries holding about 40 per cent.



PROFIT AND DIVIDEND

The consolidated profit of Anglo American Corporation increased by R2 278 000 or 5,8 per cent to R41 256 000 which, after deduction of preferred dividends, is equivalent to 31,5 cents an ordinary share, and the total dividend payment on the ordinary shares was increased by one cent to 17 cents a share. Consolidated investment income increased by R1 693 000 or 4,3 per cent to R40 906 000.

LOAN

To provide for the repayment of existing loans and to finance future investments, the Corporation in February 1972 raised, through N. M. Rothschild & Sons and a consortium of European banks, a U.S.\$50 million loan at 7½ per cent, repayable by 1987.

INVESTMENTS

The value of the Corporation's investments at R927 million was R216 million higher than at the previous year end, the increase being largely attributable to the consolidation for the first time of H.D. Development but also to higher market values. An analysis by primary source of the Corporation's direct investments and the underlying investments of the holding companies in which it is interested is given in the table opposite. The Corporation and its associated finance companies had interests valued at over R750 million in the mining, industrial and property companies that the Corporation administers, the total value of these companies being about R1 800 million. In addition, their interests in companies administered outside the Group, including De Beers, Charter and Engelhard Minerals and Chemicals were valued at slightly less than R1 100 million. Therefore the overall value of the interests of the Corporation and its associated finance companies at the end of 1971 was about R1 850 million and the overall size of the Anglo American Corporation Group was approximately R2 900 million.

INVESTMENT COMPANIES

Rand Selection raised a convertible U.S.\$30 million loan and made a R30 million debenture issue, both of which funded existing borrowings and left a surplus for investment. The consolidated net profit attributable to Rand Selection was R500 000 lower at R21 040 000.

The boards of OFSIT and WRIT have recommended that the two companies should merge. If the Scheme of Arrangement is approved, the enlarged company will have a balanced spread of investments and a cash flow substantial enough to finance planned commitments and to attract new investment opportunities.

GOLD

Production by Group mines fell by 10 719 kilograms to 384 900 kilograms, which was 39 per cent of South African production and 31 per cent of world production (excluding communist countries). Working profit from gold was R6,4 million higher at R161,3 million. This was attributable to additional revenue from free market sales. The average price received by the South African gold mining

	VALUE OF INVESTMENTS*		INCOME FROM INVESTMENTS*	
	Percentage		Percentage	
	1971	1970	1971	1970
Gold	22	25	28	29
Diamonds	25	26	18	19
Copper	6	6	20	21
Coal	3	3	4	4
Platinum	1	1	2	2
Other Mining	6	5	5	7
Industrial	25	23	12	10
Finance	9	8	9	7
Property	3	3	2	1
	100	100	100	100

*Includes unquoted investments at book value. Interests attributable to outside shareholders in subsidiary companies are excluded

industry in 1971 was R924,01 per kilo compared with R829,81 the year before.

A major event of the year was the merger of the mining operations of Western Reefs with those of Vaal Reefs and the raising of R31,5 million through a rights issue by Vaal Reefs. This, one of the largest rights issues made by a gold mining company, is to finance capital expenditure on expansion projects, part of which had been financed by temporary borrowings from the Corporation.

The new No. 4 shaft at President Steyn reached its final depth of 2 366 metres in September 1971.

URANIUM

The Group produced 1 132 tons of uranium, compared with 1 178 tons in 1970. Working profit from uranium and acid fell by R2,8 million to R3,2 million.

The commissioning of the uranium plant at President Brand has been postponed until the market shows signs of improvement.

DIAMONDS

Sales of gem and industrial diamonds through the Central Selling Organisation totalled R446,4 million, an increase of 18 per cent over sales in 1970. This favourable trend is continuing into 1972.

The output of De Beers Consolidated Mines declined by 18,5 per cent to 3 871 000 carats because of mining reorganisation at Kimberley and in Namaqualand and a fall in grade at Finsch. The consolidated net profit attributable to De Beers increased by R23,7 million to R102,3 million.

Operations at the main plant at the open pit mine at Orapa in Botswana began in July. The mine will be officially opened on 26th May 1972 by His Excellency the President of Botswana, Sir Seretse Khama.

COPPER AND OTHER MINING

Production of finished copper by Nchanga Consolidated Copper Mines (NCCM)—in which the Zambian Government and the Group hold 51 per cent and 49 per cent respectively—rose by 5 960 tons to 401 471 tons. The value of sales declined by K47,9 million to K325,4 million, mainly because of lower copper prices in 1971.

Zambia Broken Hill, which became a division of NCCM as from 1st January 1971, produced a record of 85 326 tons of lead and zinc, an increase of 4 304 tons over the 1970 figure.

Development of the Bamangwato Concessions nickel/copper project at Selebi-Pikwe in Botswana started in mid-year, and it is anticipated that production will begin at Pikwe in early 1974. The Group holds nearly 30 per cent of Botswana RST, which, in turn, holds 85 per cent of Bamangwato Concessions. The Corporation is participating in the management of the project.

The development of the Cleveland Potash mine in Yorkshire continued satisfactorily and production is expected to start in early 1973.

Net earnings of Hudson Bay Mining were \$3 009 000 (Canadian) compared with \$19 563 000 in 1970. Main reasons for the decline in earnings were a five-month strike and lower copper prices.

COAL

The sales of Group collieries in South Africa increased by 620 000 tons to 16,6 million tons, some 29 per cent of South African output.

In February 1972 increases were announced in the controlled selling price of coal and coke. Introduced into the pricing system for the first time is the principle of differential prices for various qualities.

In Rhodesia Wankie Colliery sold 3 093 000 tons of coal, 78 000 tons lower than in the previous year. Coke sales increased by 44 000 tons to a record 269 000 tons.

INDUSTRY AND COMMERCE

The consolidated net profit attributable to Anglo American Industrial Corporation for the 12 months to 31st December 1971 was R9,5 million as against R15,4 million for the 18 months ended 31st December 1970. Dividends totalling 35 cents a share were paid compared with 50 cents for the previous 18-month period, equivalent to an annual rate of 33,3 cents.

Highveld Steel and Vanadium Corporation recorded its first annual profit in the year to 30th June 1971 of R2,1 million. Since then Highveld has been affected by the downturn in world steel and vanadium markets and by technical problems in the iron plant, and the company made a loss of R1,9 million for the six months ended 31st December 1971. The iron plant problems have now been resolved.

Mondi Paper Company began production of newsprint in August 1971, only 19 months after the start of work on the mill. A second paper-making machine was commissioned in March 1972.

PROPERTY

The estimated value of the property companies administered by the Corporation was approximately R140 million. The companies through which the Group holds its major property interests—Anglo American Properties and South African Townships—increased their profits in 1971 in spite of a downturn in the economy.

Directorate

CHAIRMAN

H. F. Oppenheimer

JOINT DEPUTY CHAIRMEN

Sir Keith Acutt, K.B.E. (British)

W. D. Wilson

DIRECTORS

D. O. Beckingham

F. S. Berning

W. G. Boustred

E. T. S. Brown

Sir Frederick Crawford, G.C.M.G., O.B.E. (British)

G. C. Fletcher, M.C.

W. S. Gallagher

C. J. L. Griffith

M. B. Hofmeyr

Sir Philip Oppenheimer (British)

G. W. H. Rely

Sir Albert Robinson (British)

M. W. Rush

J. W. Shilling

S. Spiro, M.C.

J. Ogilvie Thompson

G. H. Waddell

ALTERNATE DIRECTORS

G. A. Carey-Smith (British)

C. Carrington (British)

Dr Z. J. de Beer

H. K. Davies

Dr H. B. Dyer

D. A. Etheredge, O.B.E. (British)

H. R. Fraser (British)

E. P. Gush

W. J. Héfer

D. B. Hoffe

F. J. A. Howard

A. Johnstone

N. K. Kinkead-Weekes (British)

A. B. McKerron

C. D. M. Melville

E. S. Newson, O.B.E. (British)

D. G. Nicholson (British)

M. C. O'Dowd

B. W. Pain (British)

A. Wilson

Administration

EXECUTIVE COMMITTEE OF THE BOARD

H. F. Oppenheimer
Sir Keith Acutt
G. C. Fletcher
M. B. Hofmeyr
G. W. H. Rely
Sir Albert Robinson
M. W. Rush
S. Spiro
J. Ogilvie Thompson
G. H. Waddell
W. D. Wilson

MANAGERS

F. S. Berning
G. A. Carey-Smith
H. K. Davies
Dr Z. J. de Beer
Dr H. B. Dyer
D. A. Etheredge
H. R. Fraser
C. J. L. Griffith
E. P. Gush
W. J. Héfer
D. B. Hoffe
F. J. A. Howard
A. Johnstone
N. K. Kinkead-Weekes
P. J. R. Leyden
A. B. McKerron
C. D. M. Melville
D. G. Nicholson
M. C. O'Dowd
B. W. Pain
J. W. Shilling
A. Wilson

MANAGING SECRETARY

J. T. Goldfinch

TREASURER

A. W. Mollatt

ECONOMIC CONSULTANT

A. B. Dickman

MEDICAL CONSULTANT

Dr J. L. C. Whitcombe

PERSONNEL CONSULTANT

E. N. Cathrine

PROSPECTING SERVICES CONSULTANT

B. T. A. Hone

PUBLIC RELATIONS CONSULTANT

B. R. Mortimer

TECHNICAL DIRECTOR

W. S. Gallagher

CONSULTING ENGINEERS

A. I. Beck
T. A. J. Braithwaite
R. Daniel
S. F. Gandar
V. W. Hall
S. A. Hancox
K. C. G. Heath
J. D. Johnson
W. R. Lawrie
T. Lee-Jones
D. E. MacIver
A. R. McLeod
R. A. Mudd
T. L. Pretorius
H. Smith
M. W. Stephenson
H. J. Stucke
P. M. C. Wilson

CONSULTING DEVELOPMENT ENGINEER

I. F. Cairns

CHIEF CONSULTING MECHANICAL AND ELECTRICAL ENGINEER

A. H. Gyngell

CONSULTING MECHANICAL AND ELECTRICAL ENGINEERS

P. P. Coetser
A. W. D. Darvall
S. D. Dickens
S. Dwolatsky
D. G. Griesel
D. H. Hillhouse
C. P. A. Louwrens
K. N. Love
J. C. Martens
A. G. V. Pearce
S. Sheer
D. W. Wantenaar
C. S. West
G. H. R. Wingate

CONSULTING GEOLOGISTS

Dr F. W. D. Cornwall
Dr P. V. Freeman
Dr J. B. Howkins
Dr E. Hyman
Dr D. M. McKinnon
Dr L. G. Murray
Dr H. J. Nel
Dr J. F. Osten
Dr P. J. Pienaar
Dr D. A. M. Smith
Dr H. C. M. Whiteside

CHIEF CONSULTING METALLURGIST

E. T. Pinkney

DIRECTOR OF RESEARCH

Dr M. G. M. Atmore

CONSULTING METALLURGISTS

I. R. M. Chaston
N. Gibson
A. L. Guise-Brown
J. A. Holmes
W. T. Ruhmer
J. F. Slabbert
D. J. Tutt

CONSULTING CIVIL ENGINEER

D. W. Standish-White

CONSULTING ELECTRICAL ENGINEER

A. S. Adams

PRINCIPAL OFFICES

Head Office

44 Main Street, Johannesburg

Australia

Australian Anglo American Limited

60 Market Street, Melbourne

Secretary: P. J. Eustace

Botswana

Anglo Botswana Services (Proprietary) Limited

Tswana House, The Mall,

Gaborone, Botswana

Secretary: H. F. Rose

Canada

Anglo American Corporation of Canada Limited

Toronto-Dominion Centre, Toronto

Secretary: T. P. Sullivan

Rhodesia

70 Jameson Avenue Central, Salisbury C.4

Managing Secretary for Rhodesia: I. M. Cowan

United Kingdom

40 Holborn Viaduct, London, England EC1P 1AJ

Joint London Secretaries: D. S. Booth, E. Burrows
and J. R. Byles

Zambia

Anglo American Corporation (Central Africa) Limited

74 Independence Avenue, Lusaka

Secretary: R. V. C. Asherwood

Report of the directors

Comments on the accounts	11
Finance and investment	12
Gold	17
Diamonds	18
Copper and other mining	21
Coal	27
Industry and commerce	27
Property	33
Exploration and research	37
General	39



Comments on the accounts

Improved investment income

The comments that follow relate to the consolidated balance sheet and the consolidated profit and loss account of the Corporation which appear on pages 44 to 46.

As reported last year, the accounts of the Engelhard Hanovia group were not consolidated at 31st December 1970 because the major reorganisation of the companies in that group had not been completed, and it was considered by the directors that such consolidation would have been misleading. During 1971 the reorganisation was completed, in the course of which the interests of Anglo American Corporation and its associates in Engelhard Minerals and Chemicals Corporation were transferred from Engelhard Hanovia Inc. to H.D. Development Limited, a subsidiary in Luxembourg of Anglo American Corporation, through which control of Engelhard Hanovia was formerly held. As a result, the Corporation and its associates no longer hold an interest in Engelhard Hanovia. The accounts of H.D. Development have been consolidated for the first time, and accordingly the balance sheet and profit and loss account for 1971 are not strictly comparable with those of 1970.

CAPITAL

The authorised and issued capital remained unchanged during the year at R20 000 000 and R17 741 000 respectively. At 31st December 1970, 344 500 ordinary shares were under option to senior members of the staff at 650 cents a share. During the year options over 7 000 shares lapsed leaving a balance of 337 500 shares under option at 31st December 1971. On 19th January 1972 additional options over 235 500 shares were granted at 537 cents a share. Accordingly, at the date of this report 573 000 shares were under option.

LOAN CAPITAL

In February 1972 the Corporation successfully floated a U.S.\$50 000 000 Eurobond loan, the issue being managed by six leading European banks and underwritten by an international syndicate of financial institutions. The bonds, which were issued at 97 per cent, bear interest at $7\frac{1}{2}$ per cent and are repayable at par in instalments of \$1 500 000 on 1st March in each of the years 1977 to 1981 inclusive, \$2 500 000 on 1st March 1982 and \$8 000 000 on 1st March in each of the years 1983 to 1987 inclusive. From the proceeds of the issue, the U.S.\$16 273 000 loan for investment abroad, which matured on 29th February 1972, was repaid and the balance will be used partly to repay the loan for investment abroad of Swiss francs 50 000 000 on 23rd December 1972 and partly to take advantage of opportunities for new business.

As a result of the realignment of currencies during the year, the Corporation's additional rand obligation in respect of the three loans for investment abroad, which are designated in U.S. dollars or Swiss francs, increased by R2 416 000. At the time two of the loans

were raised, portions were laid off to associated group companies which are accordingly responsible for R1 207 000 of the additional obligation. The balance of R1 209 000 attributable to the Corporation has been capitalised as part of the cost of the holding in H.D. Development, as the loans for investment abroad were largely invested in that company. The funds so raised were not remitted to South Africa, but were immediately invested abroad and could not be covered by forward exchange contracts.

OUTSIDE INTERESTS IN SUBSIDIARY COMPANIES

The outside interests in subsidiary companies increased by R83 423 000 principally because of the consolidation of H.D. Development.

INVESTMENTS

Shareholders were informed last year that, with effect from the 1971 financial year onwards, the book value of individual quoted and unquoted investments of the Corporation and its subsidiaries would not be written down as in the past, but an aggregate amount necessary to provide for the depreciation of investments would be credited to a 'provision for depreciation of investments'. It had been the practice of the Corporation and, with minor exceptions, its subsidiary companies, to write down to the market price ruling on 31st December of each year every quoted investment where the book value exceeded the market price on that date.

The increase of R104 744 000 to R434 881 000 in the book value of investments over the year, after allowing for the R22 802 000 book value of the investment in subsidiary companies not consolidated appearing in the balance sheet last year, arises largely as a result of the consolidation of H.D. Development for the first time.

PROPERTY, MINERAL RIGHTS, PROSPECTING EXPENDITURE AND EQUIPMENT

The increase of R4 572 000 under this heading comprises, in the main, property in the United States of America held for resale by a subsidiary of H.D. Development acquired in the course of the reorganisation of the Engelhard Hanovia group.

PROFITS AND APPROPRIATIONS

The consolidated profit for the year increased by R2 278 000 to R41 256 000. If the previous basis of writing down investments had been applied the increase would have been R1 290 000, a reduction of R988 000. Income from investments was higher at R40 906 000, maintaining the upward trend in recent years. Net income from interest, fees and other sources amounted to R28 283 000, and after deducting interest paid of R12 449 000 showed a net increase of R1 904 000, or 13,7 per cent. The surplus on realisation of investments, less provision against investments, amounted to R1 064 000 compared with a deficit last year of R1 388 000 in respect of amounts written off investments less surplus on realisation of investments. The cost of prospecting rose by R720 000 to R6 160 000. It was necessary this year to write off losses on and

make provision against loans in the amount of R2 858 000, arising primarily from the Orange-Fish tunnel contract and the investment in Middelburg Steel and Alloys (Proprietary) Limited. Taxation for the year amounted to R1 796 000, a decrease of R2 107 000. Profit attributable to outside interests in subsidiary companies rose by R1 708 000 to R3 511 000 reflecting the consolidation of H.D. Development, the full effect of the enlargement of Rhochar Holdings Limited during 1970, as reported last year (which company holds the interests of Anglo American Corporation Group companies in Charter Consolidated Limited), and the increased dividends paid by Charter in 1971. The Corporation's interest in the profit of H.D. Development for the year 1971 was R482 000.

The profit for the year was dealt with as follows:

Profit for the year	R41 256 000
<i>Dividends on preferred stock:</i>	
No. 84 of three per cent, declared on	
7th June 1971	R143 000
No. 85 of three per cent, declared on	
9th December 1971	143 000
<i>Dividends on ordinary shares:</i>	
Interim No. 70 of 5 cents per share,	
declared 23rd September 1971	
(1970: 5 cents)	6 491 000
Final No. 71 of 12 cents per share,	
declared 23rd March 1972	
(1970: 11 cents)	15 578 000
	<u>22 355 000</u>
Transferred to general reserve	17 500 000
	<u>39 855 000</u>
	1 401 000
Unappropriated profit brought forward	
from previous year	5 890 000
Adjustment thereto arising from the	
realignment of currencies	1 123 000
	<u>7 013 000</u>
Unappropriated profit 31st December 1971	<u>R8 414 000</u>

FINANCIAL STATISTICS

Financial statistics for the ten years 1962 to 1971 appear on page 52.

Finance and investment

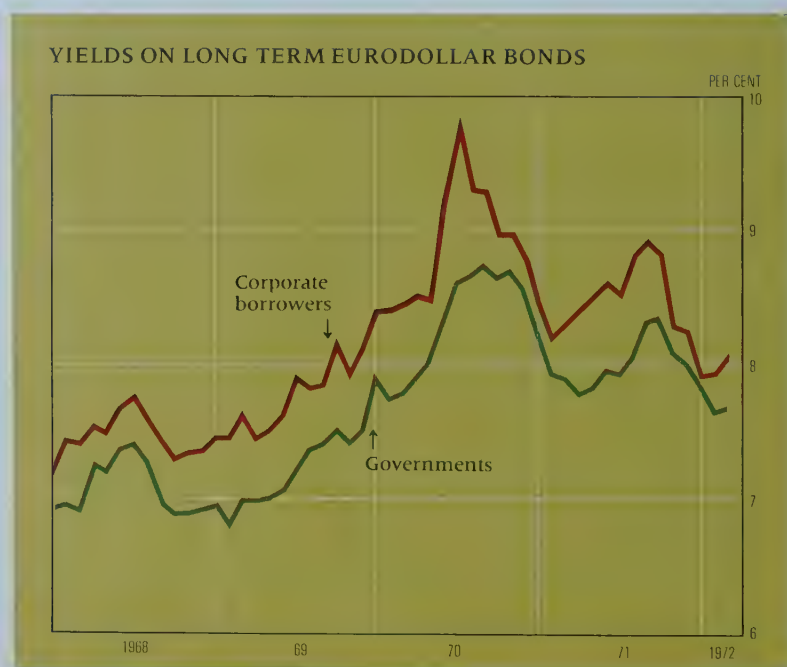
Corporation raises U.S. \$50 million

The estimated value of the mining, industrial and property companies administered by the Corporation was approximately R1 800 million at the end of 1971. Of that total, the interests of the Corporation and its associated finance companies—listed in the table opposite—accounted for more than R750 million, while their interests in

finance, investment and operating companies administered outside the Group, including De Beers Consolidated Mines Limited, Charter Consolidated Limited and Engelhard Minerals and Chemicals Corporation, were valued at almost R1 100 million. The overall value of the interests of the Corporation and its associated finance companies, therefore, was approximately R1 850 million.

In February this year the Corporation raised a U.S.\$50 000 000 $7\frac{1}{2}$ per cent loan 1987, through a consortium of European banks led by N. M. Rothschild & Sons Limited, the largest loan raised by the Corporation or any of its associated companies. The purpose of the loan was to provide for the repayment of existing loans and for the financing of new investment opportunities. Accordingly, the U.S.\$16 273 000 facility renewed to 29th February 1972 has been repaid and it is intended to repay the Swiss franc 50 million loan in December 1972.

The consolidated net profit attributable to Rand Selection Corporation Limited for the year ended 30th September 1971 declined marginally by R500 000 to R21 040 000 or 61.8 cents a share and the dividend payment was maintained at 42.5 cents a share. A large part of Rand Selection's investments is in companies that do not distribute their profits in full and, if its share of these undistributed profits were to be included, Rand Selection's total equity earnings would have been approximately .112 cents a share compared with 125 cents in the previous year, the decline resulting mainly from the fall in De Beers' profits in 1970. The book cost of the investments of the Rand Selection group increased by R3.5 million to R218.8 million. The value of these investments, taking quoted investments at market value (including the market value of the underlying



NET ASSET VALUES, PROFITS, EARNINGS AND DIVIDENDS OF THE MAJOR GROUP FINANCE COMPANIES

	Financial year ended	Net asset value based on consolidated balance sheet*		Consolidated profit after tax and outside interests		Equity earnings per ordinary share		Dividends per ordinary share	
		1971	1970	1971	1970	1971	1970	1971	1970
		R million	R million	R million	R million	cents	cents	cents	cents
Anglo American Corporation	31st December	749,9	657,4	41,3	39,0	31,5	29,8	17,0	16,0
Anglo American Corporation of Canada	31st December	C\$83,3	C\$84,8	C\$1,2	C\$0,9	C13,9	C10,8	C30,0	C40,0
Anglo American Corporation Rhodesia	30th June	Rh\$50,9	Rh\$47,7	Rh\$2,1	Rh\$2,0	Rh14,9	Rh13,9	—	—
Anglo American Industrial Corporation	31st December	162,4	158,7	9,5‡	15,4†‡	46,3‡	87,0†‡	35,0	50,0†
Anglo American Investment Trust	31st December	430,8	362,3	16,9	15,1	165,5	147,6	160,0	145,0
Orange Free State Investment Trust	31st December	126,2	129,4	11,9	12,0	109,0	109,9	80,0	77,5
Rand Selection Corporation	30th September	364,4	439,9	21,0	21,5	61,8	63,3	42,5	42,5
Vereeniging Estates	31st December	50,1	47,3	4,9	5,5	177,9	201,6	110,0	110,0
West Rand Investment Trust	31st December	129,8	136,7	7,8	7,5	66,5	64,1	50,0	47,5
Zambian Anglo American	30th June§	£71,5	£71,5¶	£13,9	£16,9¶	44,0p	55,8p¶	52,5p**	31,5p¶

*Quoted investments at market value at financial year end, unquoted at book value.

†18 months from 1st July 1969 to 31st December 1970.

‡1970 excludes deferred shares. 1971 includes deferred shares which became ordinary shares from 1st November 1971. Equity earnings per share including deferred shares for the 18 months ended 31st December 1970 were 75,5c.

§1970 year ended 25th June.

**Includes special interim dividend No. 68 of 12,5p declared 16th October 1970 paid 30th November 1970.

¶Not consolidated.

Charter Consolidated shares held by Rhochar Holdings Limited) and unquoted investments other than Rhochar at book cost, fell by R96,5 million to R412,5 million, reflecting the continued decline in the mining finance and mining sectors of the Johannesburg and London stock exchanges in the company's year to September. Since then there has been a welcome renewal of interest in these markets, partly as a result of international currency uncertainties, and the Rand Daily Mail's index of gold shares in Johannesburg had recovered to 93,0 by 5th April 1972 from its low point of 63,1 in October 1971.

Early in 1971 Rand Selection successfully raised a convertible U.S.\$30 million loan at 6½ per cent to fund its existing U.S.\$25 million loan and to leave a surplus for investment and, in South Africa, made a R30 million 10 per cent debenture issue to repay its short-term borrowings and to have funds available for both new and existing investment commitments.

Anglo American Investment Trust Limited (ANAMINT) increased its 1971 equity earnings by R1 788 000 to R16 551 000, the improvement arising primarily from higher dividends from the diamond trading companies. The total dividend payment was increased from

145 cents to 160 cents a share. ANAMINT can look to a further improvement in profits in 1972 as a result of the one cent increase to ten cents in De Beers Consolidated Mines Limited's final dividend declared in March, which will accrue to ANAMINT in the current year's earnings.

Higher dividends from Vaal Reefs Exploration and Mining Company Limited, Western Areas Gold Mining Company Limited and West Driefontein Gold Mining Company Limited contributed to the R260 000 increase in the 1971 net equity earnings of R7 320 000 of West Rand Investment Trust Limited (WRIT), which raised its ordinary dividend from 47,5 cents a share to 50 cents. The market value of the company's quoted investments fell marginally to R133 million although this had improved to R168 million as at 5th April 1972, following the renewed interest in the gold share market as a result both of the increase in the monetary price of gold and, more importantly, of the significantly higher free market price. While the latter augurs well for WRIT, the increased revenue is very necessary to offset the deterioration in mining costs, which rose at a faster rate in 1971 than in recent years. The 1971 net profit of Orange Free State Investment Trust Limited (OFSIT)



declined by R98 000 to R11 931 000, as a result of lower dividends received from Free State Geduld Mines Limited and President Brand Gold Mining Company Limited. The company increased its dividend by 2,5 cents a share to 80 cents. The fall of five per cent to R111 million in the market value of OFSIT's quoted investments has—like that of WRIT's—been more than compensated for by the recent improvement in market sentiment and on 5th April 1972 the value stood at R136 million.

The boards of WRIT and OFSIT have recommended that the two companies should merge by means of a Scheme of Arrangement in which the shareholders of OFSIT would receive one new ordinary share in WRIT for each share held in OFSIT. The merger, which will create the largest investment company in the world based predominantly on gold and uranium, will be presented to a meeting of OFSIT shareholders for approval on 24th May 1972. The relative situations of the companies strongly support the argument for a merger. WRIT had net current liabilities of R4,4 million at the year end and net commitments over the next three years of R7 million, while OFSIT had net current assets at the same date slightly greater than these figures combined. The enlarged company will have a balanced spread of investments and a cash flow substantial enough to finance planned commitments and to attract new investment opportunities.

A decline in the trading profits of certain subsidiary companies was responsible for the lower earnings of Anglo American Industrial Corporation Limited (AMIC) for the year ended 31st December 1971 of R9,5 million, which compared with R15,4 million for the 18 months ended 31st December 1970. Although AMIC's wholly-owned subsidiary, Scaw Metals Limited, earned R4,1 million for the year, compared with R4,9 million for the previous 18 months, this excellent achievement was more than offset, comparing the same financial periods, by the sharp fall in the net profit of Boart and Hard Metal Products S.A. Limited (Boart) from R4,6 million to R1,7 million. This decline resulted primarily from losses on civil engineering contracts. Considerable progress has been made on a reorganisation of Boart and the activities outside its normal course of business, which have been unprofitable, are being discontinued. AMIC paid a total dividend of 35 cents compared with 50 cents for the previous 18-month period, which expressed as an annual rate was equal to 33,3 cents. AMIC's major investments, including Scaw and Boart, are reviewed in the Industry and Commerce section of this report on pages 27 to 33.

The group net profit attributable to The Vereeniging Estates Limited in the year to 31st December 1971 was R653 000 lower at R4 891 000, but the total dividend was maintained at 110 cents a share. The major reason for the lower earnings was the inability of the colliery subsidiaries to keep pace with steeply rising costs. While the higher coal prices awarded in February 1972 by the triennial price review should ensure higher earnings this year, the relief will be short-lived unless the rate of cost inflation can be materially reduced. The contract to supply blend coking coal to Japan, deliveries of which are due to start this September, and the

supply of coal on a large scale to the Arnot and the new Kriel power stations are developments of considerable importance to the group's future earnings.

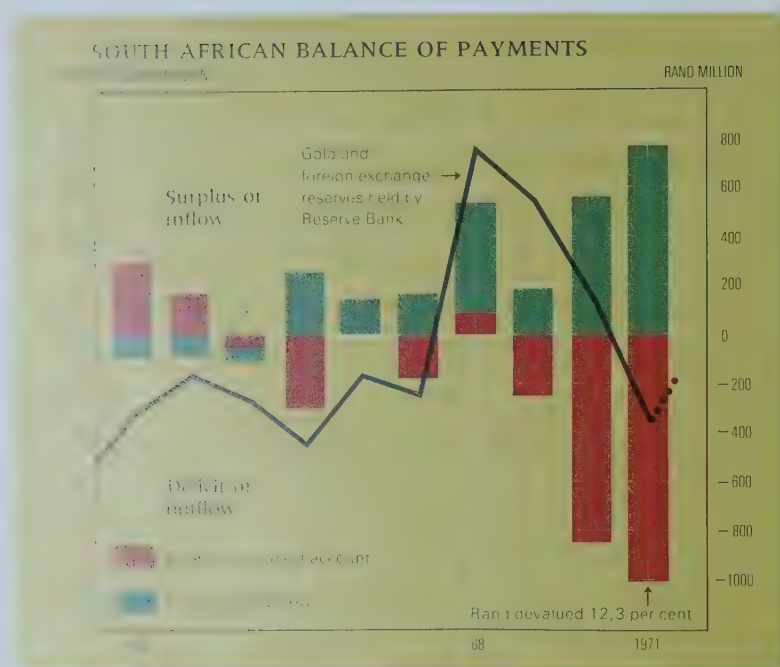
Union Acceptances Holdings Limited (UAHL) achieved a 33 per cent increase in disclosed attributable group profits of R2,2 million in 1971 and raised its dividend by two cents a share to 12 cents. This reflected the improved performance of Union Acceptances Limited (UAL), that group's wholly-owned merchant bank, and a profit on realisation of investments compared with a loss in the previous year. UAHL is to make a cash offer of 100 cents a share for the shares in National Board of Executors Limited which it does not already hold, totalling 2 594 700 shares equal to 51,9 per cent of the issued capital. Subject only to market conditions and the success of the offer, UAHL will apply for a listing of its shares on The Johannesburg Stock Exchange as soon as practicable after the merger has been effected, and National Board shareholders who accept will be given the preferential right to apply approximately 50 per cent of the consideration they receive in subscribing for shares in UAHL.

A 14 per cent improvement in dividend income enabled First Union General Investment Trust Limited, a closed-end investment trust managed by UAL, to increase its equity earnings in the year ended 30th June 1971 to a record level of R1 877 000, R151 000 more than the previous year, and to pay a higher ordinary dividend of 2,8 cents a share against 2,5 cents. The market value of the company's investments increased from R45,7 million to R51,0 million at 30th June 1971 and its net asset value per ordinary share from 72 cents to 78 cents. At 31st March 1972 this figure had increased to 84 cents, reflecting the higher market prices.

The consolidated net profit attributable to Charter increased in the year to 31st March 1971 by £2 473 000 to £15 471 000, equal to 14,8p on the enlarged share capital against 13,1p in the previous year. The total dividend payment was increased from 7½p to 8p a share. The higher earnings reflected the exceptional pattern of dividends received from Zambian Anglo American Limited (Zamanglo) and the correspondingly high level of double taxation relief. The generally dull stock market conditions during the year led to a further decline in the group net asset value to £291 million equal to 277p a share, compared with 333p at the previous year end. The book value of investments was almost unchanged on the previous year.

A further change in the Zamanglo dividend pattern, whereby Charter will receive in the second half of its financial year both Zamanglo six monthly dividends, was primarily responsible for Charter's consolidated profits for the six months to 30th September 1971 falling by £1 456 000 to £6 511 000. A review of Charter's copper and other mining investments and its prospecting interests is included in this report under the sections dealing with those activities.

The Corporation, Charter, and associated companies, which together acquired in 1967 the entire share capital of The Anglo Chemical and Ore Co. Limited, an English metal trading company,



interests in that company during the year on satisfactory terms. The company is a subsidiary of Engelhard Minerals and Chemicals Corporation.

The net profit after taxation of Nchanga Consolidated Copper Mines Limited (NCCM) for the 15 months ended 31st March 1971 was £7 million reflected the lower copper price level during the period. Appropriations to capital expenditure totalled K43,4 million. Dividends aggregating K51 million were paid on the ordinary shares, 49 per cent of which are held by Zambia Copper Investments Limited (ZCI) and 51 per cent by the Zambian Government. During 1971 NCCM acquired the mining undertaking of The Zambia Broken Hill Development Company Limited, the Group's lead and zinc producer, by issuing to ZCI new NCCM 'B' ordinary shares and a note for U.S.\$2 275 000 payable within five years. ZCI, in turn, issued new ZCI shares to the former shareholders of Broken Hill, and Mindeco Limited—the Government company—subscribed in cash for new NCCM 'A' ordinary shares to maintain its 51 per cent holding in the company's ordinary share capital.

ZCI, which mainly derives its income from its holdings in NCCM and Roan Consolidated Mines Limited (RCM), made a net profit of £13 979 000 in its first full year to 30th June 1971, which, together with the unappropriated profit from the previous period, was paid out almost in full. Earnings for the nine months ended 31st March 1972 were £8 459 000. ZCI ceased to be a subsidiary of Zamanglo following the implementation of the Broken Hill scheme when Zamanglo's interest in ZCI was reduced from 50,78 per cent to 49,98 per cent.

Zamanglo made a consolidated net profit for the year ended 30th June 1971 of £13 934 000, £2 971 000 less than in the previous year.

This reflected through ZCI, its principal source of income, the lower prevailing copper price and the fall in production at RCM after the Mufulira accident. The company paid out a total of £12 667 000 in dividends, equal to 40p a share. Zamanglo pursued its policy of diversification by taking up 30 per cent of the issued capital of Australian Anglo American Limited, the formation of which is referred to below, and by acquiring an interest in H.D. Development Limited, the company holding the Anglo American Group interest in Engelhard Minerals and Chemicals Corporation. With its substantial cash flow from the ZCI loan stock redemptions, Zamanglo is well placed to take advantage of such opportunities. In the six months ended 31st December 1971 Zamanglo earned £3 545 000 and paid a dividend of 10p a share, absorbing £3 167 000. Comparison with the results for the corresponding period last year cannot properly be made as investment income for that period included the first and second dividends paid by ZCI, which covered nine months' operations of the copper companies. The investment income also included interest payments on the ZCI 1978 and 1982 loan stocks for periods of 12 and nine months respectively.

Although the Anglo American Corporation Group has carried out prospecting in Australia since 1965, it was agreed last year that there would be considerable advantage in the formation of a larger vehicle. Accordingly, Australian Anglo American Limited was formed with funds of approximately A\$20 million, the Corporation and its associates subscribing for 45 per cent of the issued capital, Charter 25 per cent and Zamanglo the balance of 30 per cent. The new company will continue an extensive exploration programme and, with the cash resources available to it and backed by the technical facilities of the Group, is well placed to take advantage of opportunities for new business in the Australian mining industry.

The net income of Anglo American Corporation of Canada Limited (AMCAN) improved in 1971, in spite of sharply reduced dividend income from Hudson Bay Mining and Smelting Co. Limited, the earnings of which were adversely affected by a labour dispute which closed down its mining operations in the Flin Flon/Snow Lake area for five months in 1971. AMCAN's net income was \$1,17 million (Canadian), or 13,9 cents a share, compared with \$0,91 million, or 10,8 cents a share in the previous year, the improvement being attributable to lower interest charges and better results from trading operations. Not included in normal earnings were gains on realisation of investments of \$1,14 million. A total dividend payment of 30 cents a share was made during the year, against 40 cents in 1970. The company's net asset value, taking quoted investments at market value, amounted to \$83,3 million at the end of 1971 compared with \$84,8 million a year earlier.

Until recently, the indirect interest of Anglo American Corporation and its associates of approximately 30 per cent in the common share capital of Engelhard Minerals and Chemicals Corporation (EMC) had been held through Engelhard Hanovia Inc. Following a major reorganisation of that company at the year end, the Group interest in EMC was transferred to H.D. Development Limited, a Luxembourg subsidiary of the Corporation, and, as a result, the Group no

longer holds an interest in Engelhard Hanovia. EMC's consolidated net earnings for 1971 declined from U.S.\$36,3 million to \$28,1 million equal to 92 cents a share on a fully diluted basis, after allowing for extraordinary charges of \$3,1 million, but the annual dividend was maintained at 40 cents a share. The major reason for the fall in earnings was the effect on the precious metals operations of the continued weakness of the American economy.

Further details of the principal finance and investment companies in which the Group holds shares are given on pages 61 to 67.

Gold

Firm demand continues on free market

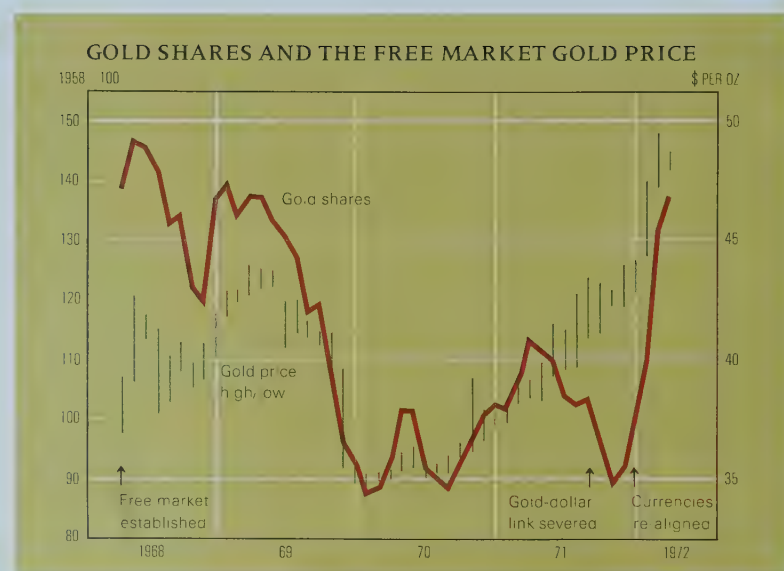
The uncertainty that prevailed in the international currency markets in the latter part of 1971 culminated in mid-December in a settlement in terms of which a major realignment of currencies took place around the U.S. dollar. Wider limits were also introduced between which the re-established exchange rates could move. The U.S. indicated its willingness to permit the devaluation of the dollar by 7,89 per cent in terms of gold and an enabling bill was subsequently passed by Congress, resulting in an increase in the dollar price of gold from \$35 to \$38 a fine ounce. In anticipation of the legislation being enacted, the dollar had been devalued effectively in world currency markets.

The rand was devalued in terms of gold by 12,28 per cent, that is by more than the readjustment of the dollar, leading to an increase in the official price of gold from R25 to R28,50 a fine ounce or 14 per cent.

The increase in the dollar price, although modest, certainly appears to have reinforced gold's role in the world's monetary system and the effects of this have flowed through to the free market where, at the time of writing, the price is over U.S.\$49 an ounce. The high free market price also reflects the continuing firm demand for gold for non-monetary purposes—although it is not possible to measure the speculative element in this demand.

Virtually all new production is at present being sold on the free market, but increased payments to the State in terms of the mines' lease and tax formulae, together with mounting costs, will absorb a considerable proportion of the additional income. Although recovery grades will be lower in the short and perhaps medium term, working profits and dividends can be expected to be higher than they would otherwise have been.

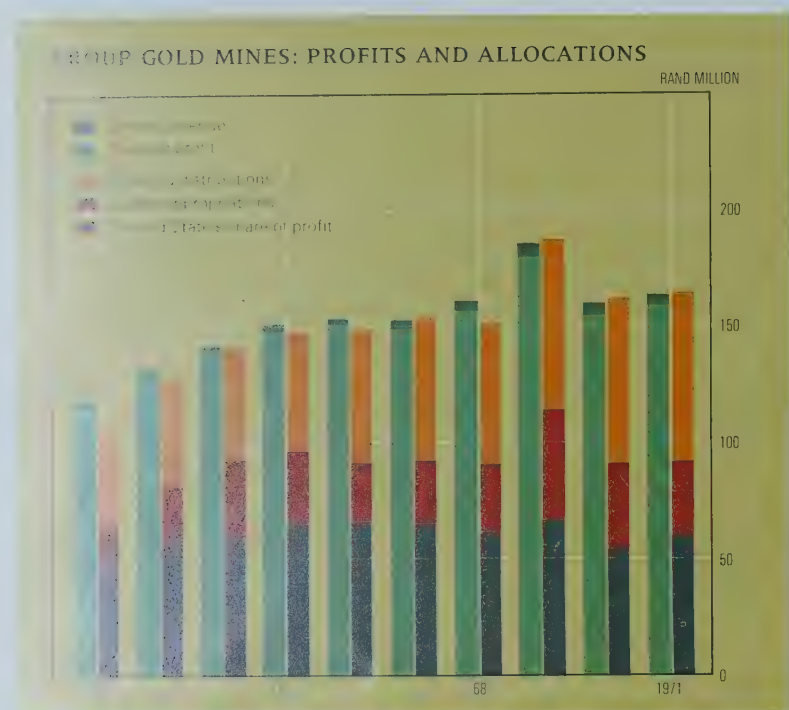
The South African gold mining industry produced 976 596 kilograms of gold in 1971, which was 23 261 kilograms less than in 1970, but this still represents three-quarters of the free world's output. The decline in production was due both to a fall in the average recovery grade from 13,28 grams a ton to 13,11 grams a ton, and to a decrease in the tonnage milled of 852 000 tons to 73 615 000 tons. In spite of the reduced tonnage and the lower grade, and in spite



also of an increase in average unit costs of 54 cents to R7,88 a ton milled, working profit from gold increased to R322 354 000, which was R39 270 000 more than in the previous year. This substantial increase was, of course, the result of the continuing upward trend in the price of gold on the free market. The average price received by the industry increased from R830 a kilogram in 1970 to R924 a kilogram in 1971, the U.S. dollar equivalents being \$36,10 and \$40,20 an ounce respectively.

Gold production by the mines of the Anglo American Corporation Group was also at a lower level. During the year, 384 900 kilograms of gold were produced, 10 719 kilograms less than in the previous year. Production fell because of generally lower recovery grades at some of the Group's major mines, particularly at Vaal Reefs Exploration and Mining Company Limited, Free State Geduld Mines Limited, Western Holdings Limited and President Brand Gold Mining Company Limited. Every effort was made to increase mill throughput in order to offset the lower grades as far as possible, and tonnage milled actually increased by 468 000 tons to 25 111 000 tons. Unit costs increased by 7,9 per cent to R7,94 a ton milled, and this increase, which was greater than has been usual in the past, could not be offset by economies in other fields. The additional revenue resulting from the higher sales proceeds enabled the Group's mines to increase working profit by R6,4 million to R161,3 million in 1971.

The South African Land & Exploration Company Limited had a very satisfactory year in 1971 with a five-fold increase in working profit from R541 000 to R2 771 000. Unfortunately, most of the working areas of the mine were flooded early in the New Year and production has since been limited to about 30 per cent of normal output. The inflow of water has now ceased and the flooded areas are being dewatered. It is hoped that normal production will be resumed during the third quarter of this year. The additional pump-



company which has been installed should enable the mine to continue its operation until towards the end of 1973.

The company's other remaining mine on the East Rand, East Daggaberg, is expected to stop mining operations in the near future. Gold working profit in 1971 amounted to R1,2 million, and the company no longer qualified for State assistance. For taxation, however, is based on the less onerous formula applicable to State assisted mines.

The major event of 1971 was the merger of the mining operations of Western Reefs Exploration and Development Company Limited with those of Vaal Reefs, and the acquisition of a mining lease over the balance of the farm Pretoriuskraal No. 53 for incorporation into the Vaal Reefs south lease area. Western Reefs became a wholly-owned subsidiary of Vaal Reefs on 20th September 1971 and Vaal Reefs immediately took over the entire mining operations in the Western Reefs lease area. Steps to rationalise mining in the merged complex have already been taken, including a reallocation of mining areas to Nos. 3 and 4 shafts in the former Western Reefs property. At the Vaal Reefs South No. 1 shaft system, the two shafts have been commissioned and the reduction plant is fully operational and treating ore from both the north and south lease areas. Towards the end of 1971, Vaal Reefs made a rights issue which raised R31,5 million for financing capital expenditure on expansion projects in both the north and south lease areas. This was one of the largest rights issues made by an individual gold mining company.

At Western Deep Levels Limited, considerable problems were experienced with ground movements associated with an increased incidence of faults and dykes. Production was adversely affected

and costs showed a marked increase owing partly to the difficult mining conditions and partly to rising prices and labour costs. Working profit was, however, slightly higher than in 1970, resulting entirely from the higher average gold price received. Work on the two tertiary sub-vertical shaft systems is continuing, and shaft sinking below 100 level is under way at No. 3 shaft.

The sinking of the new No. 4 shaft at President Steyn Gold Mining Company Limited was completed to its final depth of 2 366 metres below collar last September. Stations have been cut on various levels and some development will be done on 76 level during 1972. The shaft is expected to be commissioned towards the end of this year. An outstanding safety performance has been achieved by Freddie's Consolidated Mines Limited where, at 31st December 1971, 2 461 974 shifts had been worked without a fatal accident. Freddie's was the only mine to achieve double 'millionaire' status in fatality-free shifts in 1971 and it is the holder of numerous safety awards.

URANIUM The short-term market for uranium deteriorated further during the year and it was accordingly decided to delay the commissioning of the new uranium plant at President Brand until such time as the market shows signs of improvement. We remain confident of the longer-term prospects for uranium and arrangements have been made to ensure that the plant can be commissioned at very short notice.

Production of uranium by Western Deep Levels, Vaal Reefs and Western Reefs prior to its merger with Vaal Reefs, totalled 1 132 tons compared with 1 178 tons in 1970. Working profit from uranium and acid fell to R3,2 million compared with R6,0 million in the previous year.

Those mines in the Group which split their slimes residues into high-grade and low-grade fractions will continue to do so, with the high-grade fraction being stockpiled separately for uranium extraction at a later date.

The detailed operating results of mines administered by Anglo American Corporation and those in which the Group has substantial interests are given on pages 68 to 73.

Diamonds

Sales increase by 18 per cent

Sales of gem and industrial diamonds by the Central Selling Organisation in 1971 totalled R446,4 million, which was 18 per cent above the figure of R378,4 million for the previous year. These higher sales were a result of increased confidence in the diamond trade; this was especially true in the United States which is the major market for cut diamonds. The favourable sales trend has continued into 1972. Gem diamond prices were increased by five per cent in November, of which three per cent was a price increase and two per cent a currency adjustment, and there was a further increase of 5,4 per cent in the dollar price in January to take account of the dollar





evaluation. The rand price increased still further with the devaluation of the rand compared with the dollar.

The consolidated net profit attributable to De Beers Consolidated Mines Limited for 1971 increased by R23 685 000 to R102 314 000, or 28,2 cents per deferred share. The final dividend was raised from ten cents to ten cents making a total dividend payment for the year of 18 cents. The cost of diamonds on hand increased by R34 915 000 to R218 934 000. Cash deposits also increased to R40 000 000 from R72 706 000.

The output of De Beers in 1971 was 3 871 000 carats, which was 18,7 per cent lower than in 1970. This fall was due to a reorganisation of production in Kimberley and Namaqualand and to a fall in grade at the Finsch mine. At the beginning of September, De Beers revised its long-term plan for the Kimberley mines so as to maintain production at the lowest possible unit cost, maximise profits and extend the lives of the mines. Production will come from only three of the four mines at any one time, and so production from Bultfontein mine was suspended for a period from 1st September, but construction, development and sampling are continuing. The retreatment of old mine dumps in the Kimberley area has also temporarily ceased because their diamond content is of a type currently in surplus.

In Namaqualand a decision was taken in the last quarter of 1970 to curtail production of small stones that are in surplus and to increase production of larger stones. During April and May production ceased at Koingnaas, Langhoogte and Dreyerspan. Production from Annex Kleinzee was increased in stages from 18 000 carats a month in November 1970 to 36 000 carats a month by September 1971, partly by using the Dreyerspan plant to process gravel from

the northern reserves. The result of this reorganisation is that, while the caratage produced in Namaqualand has fallen, the stone size increased from 0,51 carats in 1970 to 0,71 for 1971, and from June to December averaged 0,94 carats per stone.

Production at Finsch mine fell due to the temporary need to work a low-grade area as a result of road construction required by the mining plan. The grade averaged 73,59 carats per hundred tons compared with 86,15 carats per hundred tons in 1970.

As a replacement for Jagersfontein mine which ceased operations in May, the Koffyfontein mine has been reopened after an interval of 40 years. Production started in August and will build up to full capacity during 1972.

Premier (Transvaal) Diamond Mining Company Limited produced 2 437 000 carats during 1971, which was 2,1 per cent less than in 1970 because of a small drop in the tonnage treated. On 29th June the unstable rim of the pipe in the vicinity of No. 2 shaft collapsed and 1,1 million tons of rock fell into the open pit. The fall had been anticipated and no damage was sustained.

Production at The Consolidated Diamond Mines of South West Africa Limited increased by about 3,5 per cent to 1 562 000 carats. The grade remained approximately the same as in 1970 but the average stone size increased from 0,76 carats a stone to 0,88 carats. Prospecting in the western block has revealed an encouraging size and grade of diamond, and the area will be further prospected during 1972.

Mining on the foreshore and marine concessions ceased in April, and since then the barge Pomona, together with various support vessels, has been sold. The only remaining vessels are Rockeater and Gemsbok, which are being used for further marine prospecting.

At De Beers Botswana Mining Company's mine at Orapa the pilot plant continued working until 22nd June by which date it had produced 198 000 carats. All personnel were then transferred to the main plant which has been operating since 1st July and will reach full capacity this year; a total of 695 141 tons was treated and 626 000 carats recovered in 1971. The Mopipi pan which supplies water to the mine is full to capacity, ensuring sufficient water for over two years' operations. The official opening of the mine by His Excellency Sir Seretse Khama is due to take place on 26th May.

On the whole, 1971 was a difficult trading year for the industrial diamond companies. Sales of diamond grit were lower than in the previous year, because of competition from independent suppliers of natural grit and a downturn in the abrasives industry, particularly in the U.S.A.

In the field of high pressure research, the Diamond Research Laboratory in Johannesburg has achieved a major advance in the development of new techniques for manufacturing the larger sizes of synthetic diamond grit. As a result the synthetic factories at Springs in the Transvaal and at Shannon, Ireland, have been able to perfect the manufacture of a superior new saw diamond abrasive, known as SDA100, the highest quality metal bond synthetic product available on the market.

The research and publicity programmes which De Beers Industrial Diamond Division has conducted for several years to make highways and airport runways safer by grooving to improve tyre adhesion, particularly in wet weather, is now showing positive results. Diamond saw blades are becoming extensively used to produce a corrugated grooved surface that provides a better grip and permits surface water to flow away, thus preventing hydroplaning, a common cause of accidents in wet weather.

Further details of companies in the De Beers group are given on pages 74 and 75.

Copper and other mining

NCCM copper production exceeds 400 000 tons

According to preliminary statistics, the total world mine output of copper in 1971 was little changed at approximately 6 300 000 tons, while refined production, which included refined scrap, was approximately five per cent lower at 7 197 000 tons. It is estimated that world consumption of refined copper was only marginally lower at 7 189 000 tons. The weaker market experienced in the latter part of 1970 persisted into 1971 with the London Metal Exchange opening with the cash price for wirebars at £430 a metric ton. Dominated by the threat of strikes in America and declining production in Chile as a result of the nationalisation of the copper industry, the copper market rallied to £536.50 in April. This proved to be the high price of the year and, despite a major strike in the United States in July when wage contracts were renegotiated, prices fell with fluctuations to a low of £390 a ton in late November.

A feature of the year was the increase in stocks in London Metal Exchange warehouses from 72 950 tons in January to 140 300 tons at the end of December. The average settlement price for wirebars in 1971 was £444.64 a ton as compared with the corresponding price for 1970 of £587.90. The year ended with the L.M.E. cash price standing at £411.50 but recently there have been indications of a revival in market interest and as at the beginning of March prices showed signs of improvement around the £440 level.

Following the amalgamation of the copper companies into Nchanga Consolidated Copper Mines Limited (NCCM) during 1970, a similar arrangement was later negotiated between the Zambian Government and the shareholders of The Zambia Broken Hill Development Company Limited (ZBHD), a lead and zinc producer. Accordingly ZBHD became a division of NCCM from 1st January 1971 and details of the arrangement are set out in the Finance and Investment section.

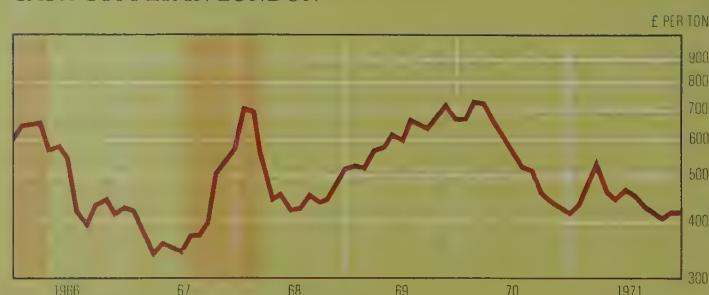
Finished copper production of NCCM increased by 5 960 tons to 401 471 tons in 1971 and production of cobalt was 2 080 tons compared with 2 072 tons the previous year. The Broken Hill division achieved a record output of 85 326 tons of lead and zinc, an increase of 4 304 tons. Sales of copper in 1971 were 402 274

tons, an increase of 19 555 tons. Sales of cobalt were 1 388 tons as against 1 972 tons and sales of lead and zinc amounted to 77 525 tons compared with 76 249 the previous year. Gross revenue from metal sales for 1971 declined K47.9 million to K325.4 million of which copper accounted for K305.6 million as against K365.3 million in 1970.

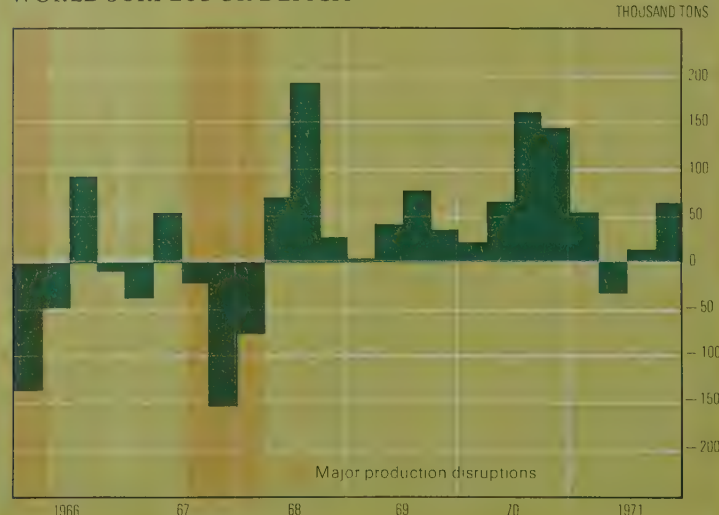
At Rokana division mechanisation of underground mining methods using raise borers and rubber-tyred vehicles is providing increased flexibility in development and stoping layouts, and will lead to more rapid extraction rates and higher recoveries. The re-opening of the Bwana Mkubwa mine and the commissioning of the new concentrator took place in May 1971 and operations are proceeding satisfactorily. Mining is by open pit and estimated production is 15 000 tons of copper a year for eight years.

Recent advances in oxide copper flotation techniques, which made the profitable reopening of Bwana Mkubwa possible, also influenced the decision to mine by open pit the oxide ores overlying the sulphide orebodies at Rokana. A new oxide concentrator section is to be built and the project is expected to be commissioned

CASH COPPER IN LONDON



WORLD SURPLUS OR DEFICIT*



*Excluding communist bloc



towards the end of 1973 and to produce 17 000 tons of copper a year for 14 years. The Torco plant continued to operate well and produced 6 567 tons of copper in concentrates in 1971. A major innovation at the Rokana smelter was the application of oxygen to the reverberatory furnaces and converters, increasing smelter throughput and flexibility.

At Chingola division underground mining conditions in both the upper and lower orebodies improved, and operations in the open pits remained satisfactory. The construction of the cementation plant was completed in October 1971, as the first stage of a project to treat low-grade copper bearing materials, in this case oxide concentrates, of which there are 1.5 million tons in stockpile, and leach residues as they arise. The plant is expected to achieve its rated capacity of 25 000 tons of copper a year by May 1972. Construction on the second stage, which will treat flotation tailings and leach residues has begun. The main features are a solvent extraction plant and electrowinning tankhouse at Chingola, a major gas collection and acid plant at Rokana, and a new lime kiln at Ndola. Stage two is expected to replace the first ore cementation stage by mid-1974 after the stockpile of low-grade concentrates has been exhausted, and it is anticipated that the second stage will produce 55 000 tons of copper a year.

The water problem at Konkola division continues to impede development and the expansion of production. Water intersections have to be sealed by cementation before mining can progress and pumping capacity, at present 590 000 cubic metres a day, is being increased to 620 000 cubic metres a day in 1972.

Broken Hill division had another good year, but geological exploration is confirming that the base of the orebodies has been defined and that the remaining life of the underground mine is limited to about 12 years at present rates of extraction. However, considerable tonnages of metal remain unrecovered in slag dumps and leach residues that cannot be treated in the existing plants: treatment of these dumps, together with future arisings of refractory materials, through Waelz kilns, is now under consideration.

NCCM's expansion programme is aimed at increasing copper production from 400 000 tons a year in 1971 to 500 000 tons in 1975. The capital cost of the additional 100 000 tons a year is likely to be approximately K150 million and it is proposed to finance part by borrowings and suppliers' credits. A substantial portion of the additional copper will come from low cost sources, in particular stages one and two at Chingola.

Roan Consolidated Mines Limited (RCM) production of finished copper in 1971 was 232 105 tons, which was 56 609 tons less than the previous year due to the continuing effects of the cave-in at Mufulira in September 1970. Sales were 73 827 tons lower at 231 558 tons. Production from Mufulira, the largest RCM division, reached about half its planned capacity of 16 000 tons a month by the end of the year, but it is not yet possible to predict when it will return to normal.

To facilitate the extension of the Luanshya mine, RCM acquired the Baluba orebody in February 1971 from RST International, Inc.

and Zambia Copper Investments Limited. Production from Baluba should reach a rate of 22 000 tons of copper a year by the end of 1973. Thereafter, as output from the older sections of Luanshya mine declines, Baluba's production will be increased to 50 000 tons a year.

At Chambishi, development of underground mining from the floor of the open pit is scheduled to double the mine's output to 48 000 tons a year by the middle of 1973. By the time the open pit is fully depleted in 1978, the underground mine alone will sustain production of 48 000 tons of copper a year.

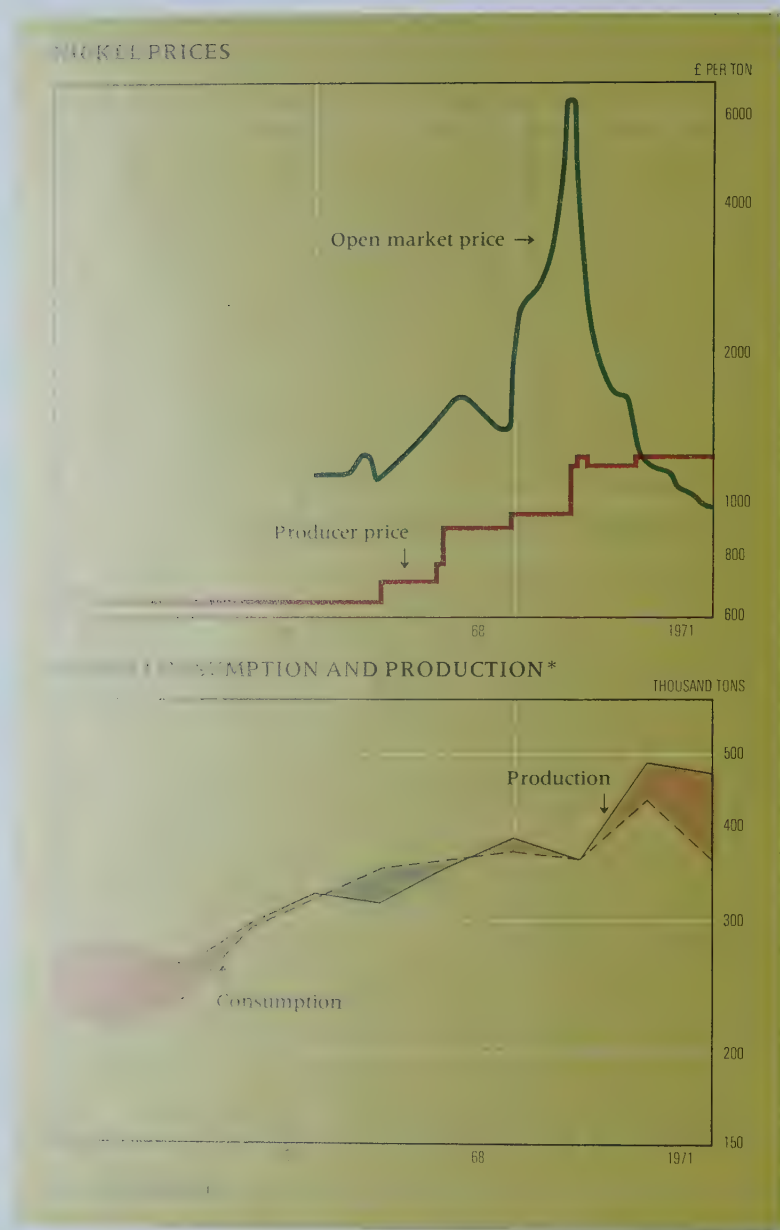
Principally as a result of developments at Baluba and Chambishi, which will cost about K75 million, RCM plans to increase its total copper production to almost 400 000 tons a year by 1975.

Largely as a result of lower copper prices, the profit of The Messina (Transvaal) Development Company Limited for the year to 30th September 1971 fell from R10 362 000 to R6 718 000. In July, the company sold certain of its Rhodesian assets to a newly-formed subsidiary, Messina Rhodesia Investments Limited (MERITS). MERITS has the right to participate, on the same terms as Messina, to the extent of 25 per cent in any new business initiated by that company in Rhodesia. Datsun-Nissan Investment Company Limited, which assembles and distributes Datsun-Nissan vehicles in South Africa, became a subsidiary of Messina from October 1971 following the acquisition by Messina of further shares.

The consolidated net profit of Rhodesian Nickel Corporation Limited for the year ended 31st March 1971 of R\$3.56 million compared with \$3.11 million in the previous year. An interim dividend of five cents a share was paid in January 1971 and a final of three cents a share in July 1971. The already evident trend of lower nickel prices and demand has continued and for the six months to 30th September 1971 profits dropped to \$583 000 and the interim dividend was passed. Nickel is traditionally priced in terms of U.S. dollars and the devaluation of that currency in December 1971 will have a further adverse effect on profits. The company's shares became officially quoted on The Rhodesian Stock Exchange in November.

At 31st December 1971 the Anglo American Corporation Group had a 16 per cent interest in Bamangwato Concessions Limited (BCL) a nickel/copper project at Selebi-Pikwe in Botswana. The present estimates of the ore body are 32 100 000 proven and 11 600 000 probable tons. It is anticipated that operations will begin at Pikwe in early 1974, production in the initial five years being at the annual rate of about 17 000 tons of refined nickel and 15 500 tons of refined copper. Development of the project and infra-structure started in mid-1971 and, although agreement on various aspects of the project had not been reached by the year end, development continued as planned with the result that progress is now on schedule. The finance to enable the project to continue during this period was provided primarily by the Group and American Metal Climax Inc. (AMAX) and by way of shareholders' loans in advance of their eventual equity participations and by bank borrowings. As a result of the signing of various agreements on 7th March 1972, the Group's

Mining potash in Saskatchewan. Using two of these four-rotor machines Hudson Bay Mining & Smelting can extract up to 20 000 tons a day. The huge machine advances through the orebody at 35 cm a minute, cutting a 'room' 2,5 metres high and 8,5 metres wide



per cent interest was increased to a holding of nearly 30 per cent in Botswana RST Limited which, in turn, now holds 85 per cent of BCL. The Group's interest in the project is therefore now equal to that of AMAX, the other major shareholder. The Corporation is participating in the management of the project and, together with other members of the Group and other companies participating in the project, is providing guarantees in respect of loans for the project itself and for the related infra-structure, as well as guarantees that funds required for the completion of the project will be available. Details of the Corporation's share in the various guarantees are given in the Notes on the Accounts on page 51.

Swaziland Iron Ore Development Company Limited operates an open pit iron ore mine at Ngwenya in Swaziland. Apart from small spot sales, this ore is all sold under long-term contracts to certain Japanese mills. During 1971, 2,7 million tons of ore were sold, most of it under the company's high-grade contracts, leaving approximately seven million tons to be delivered by 1975. Towards the end of the year, deliveries also began under the 7,5 million tons medium-grade contract which is scheduled to be completed by 1978.

Because of the slow-down in the rate of growth in the Japanese economy, a ten per cent reduction has been negotiated by the Japanese mills in the total tonnage to be delivered during the next 18 months under the sales contracts. During the year, a pilot plant was constructed at the mine to carry out further test work on the low-grade ores which occur near the present mining operations.

The Anglo American Corporation Group holds approximately 44 per cent in The South West Africa Company Limited, which doubled its after-tax profits for the year to 30th June 1971 from £222 854 to £480 527, largely as a result of a greater output of lead vanadate concentrates and the higher price for vanadium then prevailing.

In Portugal production of wolfram concentrates at Beralt Tin and Wolfram Limited, in which Charter holds 44,3 per cent, totalled 1 432 tons during 1971. This was below target as a result of inexperienced labour, teething troubles with a newly introduced pretreatment plant and a reduction in the grade of mineralisation. These factors combined with a considerable fall in the market price for tungsten from an average of £29,48 a ton unit to £16,75 at the year end to reduce the net profit after tax by £814 000 to £278 000. No dividend was paid for the year because of heavy capital expenditure on the expansion programme.

In 1971 the Tronoh group of tin mining companies in Malaysia produced 9 001 tons compared with 8 529 tons the previous year. The average tin metal price in Penang was £1 422 a ton compared with £1 495 in 1970.

Charter has a major shareholding in and provides management services to Société Minière de Mauritanie which operates the Akjoujt copper mine in the Islamic Republic of Mauritania, where further serious delays were encountered in the build-up to full production. These were occasioned particularly by the failure of standard equipment supplied by manufacturers of international repute to stand up to the stresses of climate and conditions in the Sahara Desert. An intensified modifications programme has been undertaken and is now nearing completion. The ability of the Torco process to treat Akjoujt ore successfully has been satisfactorily demonstrated. Production of concentrates continued in 1971 but at well below planned levels. The losses occasioned by delays in start-up, increases in capital and operating costs and low copper prices have necessitated raising additional short- and medium-term finance. Full production at a rate of approximately 30 000 tons contained copper a year is now expected to be attained during the second half of 1972.

The development of the Cleveland Potash mine in Yorkshire





England, by Charter and Imperial Chemical Industries Limited, continued satisfactorily during the year and the mine is expected to start production in early 1973.

Net earnings of Hudson Bay Mining and Smelting Co. Limited in 1971 were \$3 009 000 (Canadian), equal to 33 cents a share, compared with \$19 563 000, or \$2,16 a share, in 1970. The primary reasons for the sharp decline in earnings were the effects of the five-month strike during the first half of 1971 at the company's mines and metallurgical plants in northern Manitoba, lower prices for copper for the balance of the production year, and rising operating costs. Secondary factors contributing to the lower earnings were reduced revenue from export sales, as the floating Canadian dollar moved closer to parity with the U.S. dollar, and the ten per cent surcharge imposed by the U.S. Government on imports of zinc and zinc products. The total dividend payment of 50 cents a share compared with \$1,18½ in 1970.

The detailed operating results of mines managed and administered by the Anglo American Corporation Group and those in which the Group has substantial interests are given on pages 77 to 79.

Coal

Higher sales but production costs rising

The world monetary crisis, a slow-down in the spectacular growth rate of Japanese industry, the depressed state of the United States economy, and a world steel surplus created uncertainties in the international coal market during 1971, but coal prices did not drop as sharply as those of other primary products, nor did the net volume of coal sales diminish significantly.

There are grounds for believing that coal will retain its important position in the world energy supply pattern at least until the end of the century, not only fulfilling its traditional role in the electrical utilities and steel industries, but entering into major new fields such as coal gasification and solvent refining. Furthermore coal's competitive position as a fuel could be enhanced by increasing oil prices.

International uncertainties hampered South Africa's progress in the development of further export markets for her coal. However, with its basic pithead cost advantage there seems to be no reason why the South African coal industry, in addition to the low-ash contract with Japanese steel mills, should not obtain substantial contracts in the international energy utility market, provided the planned internal transport and loading facilities have been installed and the general world economic climate improves.

South African coal sales in 1971 increased by 3,9 million tons or 7,3 per cent to 57,0 million tons.

The 12 South African collieries of the Group sold 16,6 million tons of coal in 1971, which is 620 000 tons more than in 1970, an increase of 3,9 per cent. This equals 29,1 per cent of the industry total. The Group share will continue to grow as the Electricity

Supply Commission brings into operation further generating sets at the Arnot and, later, the Kriel power stations, and it is estimated that by 1980 the Group will be producing in South Africa at least 30 million tons of coal a year.

Working profits for the Group's collieries in the Republic fell 6,8 per cent from R8,8 million to R8,2 million. This reduction in profits was due primarily to rapidly increasing working costs, which were not compensated for by timely increases in the controlled selling prices of coal and coke. Coal price increases were in fact awarded on 25th February 1972. A particularly welcome feature of the new price structure is the recognition that better quality coals should attract higher prices and, conversely, that cheaper coal should be available to consumers with less sophisticated needs. Development of this principle could have important effects on mining policy and conservation of coal resources.

The Group is conducting research into the manufacture of coke, known as form coke, from non-coking or weakly coking coals and has established, in association with General Mining and Finance Corporation Limited, a plant to supply feedstock material for testing by the South African Iron and Steel Industrial Corporation Limited.

In Botswana, Morupule Colliery (Proprietary) Limited has been formed to operate the colliery which is being established, on a modest scale initially, to supply the needs of the Botswana Power Corporation from the Morupule coalfield. Agreement in principle has been reached with the authorities on the location and extent of the particular mining lease area to serve this colliery.

In Rhodesia the sales of Wankie Colliery Company Limited for the year ended 31st August 1971 were only 78 000 tons lower at 3 093 000 tons of coal, despite transport difficulties. However, the effect on trading profits of a sharp reduction in the tonnage railed northwards resulted in Wankie's consolidated profit after taxation falling by R\$345 000 to R\$2 551 000. Coke sales increased by 44 000 tons to 269 000 tons, a new record for the colliery, and, while there are indications of a reduced demand for coal, sales of coke are likely to continue to increase. With the introduction of the new coke ovens and the completion of other works, the colliery should have a total coke-making capacity from all sources in excess of 400 000 tons a year.

The detailed operating results of mines administered by Anglo American Corporation and those in which the Group has substantial interests are given on pages 80 and 81.

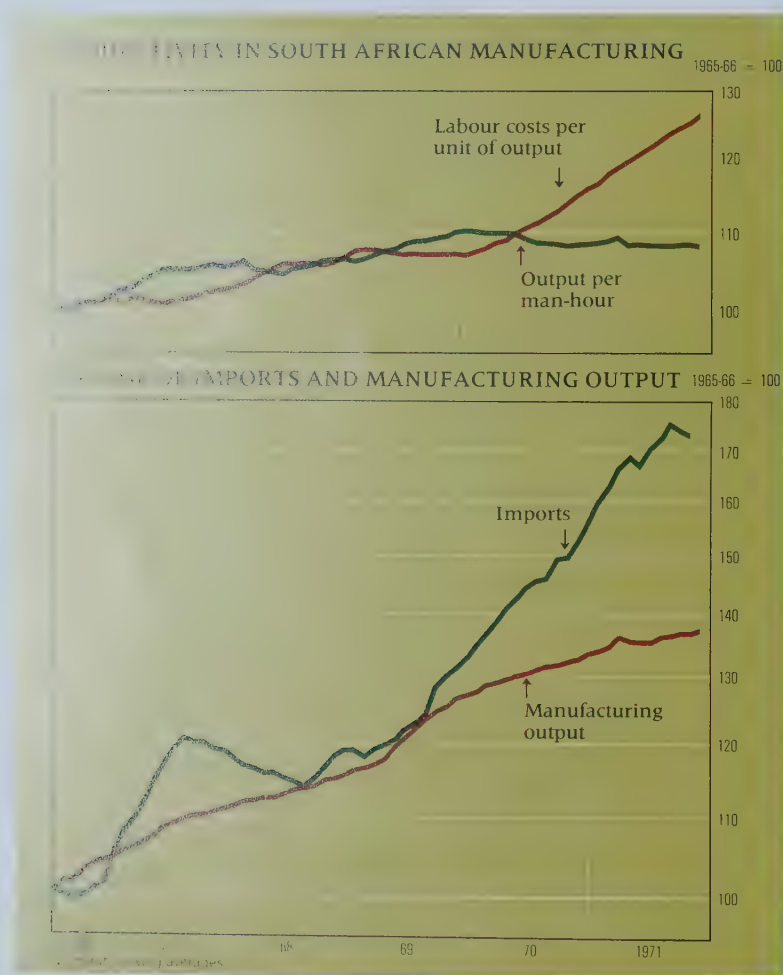
Industry and commerce

Mondi Paper starts production

The estimated value of the industrial and commercial companies administered by the Corporation was approximately R480 million at the end of 1971. The interests of the Corporation and its associated

Finance companies in this total amounted to more than R250 million, and their interests outside the Group were valued at R140 million. The value of the Group's total investment in this sphere therefore amounted to R390 million at the year end.

The investments cover a wide range of activities including iron, steel alloys; chemicals and explosives; civil engineering and construction; drilling tools; refractories and other structural clay products; textiles, paper and board; agricultural products, other



foodstuffs and beverages; and motor transport, vehicles and components. Much of the Group's industrial investment in South Africa is held by Anglo American Industrial Corporation Limited (AMIC), but Anglo American Corporation itself and Rand Selection Corporation Limited also hold directly major industrial interests both in South Africa and elsewhere. De Beers Industrial Corporation Limited (Debincor) has substantial holdings in African Explosives and Chemical Industries Limited and South African Nylon Spinners (Proprietary) Limited, while Mainstraat Beleggings (1965) (Eiendoms)

Beperk holds the joint interests of the Anglo American Corporation Group and the Federale Mynbou/General Mining group in the steel and heavy engineering sectors. Charter Consolidated Limited, Anglo American Corporation Rhodesia Limited and Zamanglo Industrial Corporation Limited all have important industrial interests

In 1971 the iron and steel industry in South Africa was affected by the ending of world-wide boom conditions which had prevailed since early 1969. Consequently the sales outlook for the industry is now less optimistic than it was, but it is hoped that the export price advantage resulting from the devaluation of the rand will assist South African producers in the present surplus conditions of the world steel market.

Highveld Steel and Vanadium Corporation Limited recorded its first annual profit of R2,1 million in the year ended 30th June 1971. Since then the downturn in the steel and vanadium markets and technical problems in the iron plant have affected the company adversely and a loss of R1,9 million was made for the six months ended 31st December 1971. However, the technical problems have now been resolved and the company is in a position to take advantage of any improvement in the market situation.

Despite difficult market conditions and increased costs, Scaw Metals Limited, a subsidiary of AMIC, improved its profit for the 12 months ended 31st December 1971 to R4,1 million compared with R4,9 million for the previous 18 month period, largely because of increased production from the new rolling mill and the steel castings division. With a satisfactory order book, the outlook for the current year remains favourable. Construction of a new melting shop at a cost of R6,25 million has begun and it is planned to operate at full capacity from commissioning in 1974.

International Pipe and Steel Investments South Africa (Proprietary) Limited, which holds the controlling interests in Stewarts and Lloyds of South Africa Limited, Dorman Long (Africa) Limited and Vanderbijl Engineering Corporation Limited, and in which the Group has approximately a 15 per cent interest, submitted its first group accounts to 30th September 1971, and reflected a consolidated profit of R3,3 million. Dorman Long, with taxed profits of R3,2 million, and Stewarts and Lloyds with R4,4 million, exceeded their budgeted profit. Vanderbijl Engineering made a loss of approximately R2 million and the board has implemented remedial action which it believes will restore profitability. The Stewarts and Lloyds group further widened the scope of its operations by acquiring control of African Malleable Foundries Limited and of Vivian Harland Engineering (Proprietary) Limited, which manufactures the range of centrifugal pumps previously manufactured by Stewarts and Lloyds and the Weir Group Limited of the United Kingdom.

Middelburg Steel and Alloys (Proprietary) Limited, in which the Corporation and its associates have important interests, has announced a reconstruction of its capital to restore the liquidity of the group. Its shareholders have agreed a substantial increase in equity capital by conversion of outstanding loans and additional cash subscription and that losses incurred to 23rd June 1971 be absorbed by a reduction in the increased equity capital. With this alleviation of its

liquidity problems, the group will continue to manufacture and market alloys and stainless steel and to be active in general engineering.

The Union Steel Corporation (of South Africa) Limited suffered from cost increases beyond its control and a decline in demand, as well as certain technical problems. Profits after tax for the year ended 31st December 1971 dropped from R2 560 000 in 1970 to R1 606 000 and the ordinary dividend was reduced from 4,5 cents to 3,25 cents. Sales of aluminium were below anticipated levels as a result of a fall-off in demand for overhead conductors and in the latter part of the year sales of special steel dropped. The company raised a Swiss franc revolving credit loan of over R11 000 000 to finance the expansion of its steel facilities at Vereeniging and the aluminium rod factory at Richards Bay.

Despite the problems in the ferro-alloy industry, Transalloys (Proprietary) Limited improved its profit in 1971 by R127 000 to R402 000. The sales and technical agreement with Air Reduction Company Inc. has proved beneficial to the company and, providing there are no adverse changes in world markets, a further improvement in profits can be expected in 1972. The company produces a full range of ferro-manganese products and various grades of ferro-chromium.

Vereeniging Refractories Limited, a subsidiary of The Vereeniging Estates Limited, had a successful year, its profit after tax increasing by 15,2 per cent to R2 641 000. This increase was primarily attributable to higher sales of refractories. The dividend for the year was increased by two cents to 24 cents a share. With the expansion of refractory sales, capital expenditure on plant and equipment for the production of raw materials was at a higher level. Vereeniging Tiles Limited achieved satisfactory sales, but did not have a profitable year largely because of increased costs and some contracts entered into before the price increase in the middle of the year.

Lenning Holdings Limited, in which the Group and Johannesburg Consolidated Investment Company Limited jointly hold a controlling interest, has experienced a period of consolidation following the rapid expansion of recent years. Efforts have been concentrated on bringing all productive units to full capacity. Sales during 1971 increased by 25 per cent and consolidated profits by 40 per cent and the outlook for the current year is encouraging.

Two companies in which Mainstraat Beleggings holds substantial interests had a very satisfactory year. Union Carriage and Wagon Company Limited operated at a higher level of activity throughout the year and has a satisfactory order book for railway rolling stock for the current year, but there is still spare capacity available. Hall Longmore and Company Limited, which manufactures large bore steel pipes and fittings and also contracts for chemical plant installations, achieved record sales and profits. However, these results are unlikely to be repeated in the current year, because of the general downturn in the level of economic activity in South Africa.

Boart and Hard Metal Products S.A. Limited (Boart), a wholly-owned subsidiary of AMIC, earned lower profits after tax of R1,7

million for the 12 months ended 31st December 1971, compared with R4,6 million for the previous 18 month period, largely because of contracting losses on the Orange-Fish tunnel and elsewhere. As a result of a reorganisation of Boart, steps have been taken to discontinue the activities outside its normal course of business which have been unprofitable. Although operations in the Republic and Zambia were maintained at reasonable levels, the effect of general economic uncertainties and lower base metal prices, with the consequent decline in mining activities, meant that the group's drilling operations were considerably restricted during 1971. To provide an Australian base to introduce its products, Boart made a successful offer for a controlling interest in Mindrill Limited, the largest manufacturers of diamond drilling equipment in Australia.

LTA Limited suffered from problems common to the construction industry as a whole—costs which escalated faster than anticipated and the lack of skilled labour. While the building division of the LTA group continued to be profitable, and the civil engineering division has shown considerable improvement, there were certain contracts, some long term, where costs could not be contained and substantial losses were incurred. The loss of R6,8 million for the year to 30th June 1971 included losses on the Orange-Fish tunnel contract and on the sales of certain investments, which together with further amounts written off investments, aggregated R3,6 million. Changes have been made in the company's management, the effects of which have already been beneficial. To repay short-term borrowings from the Corporation, LTA offered to its shareholders 10 581 200 10 per cent cumulative convertible redeemable preference shares of R1 each at par in the proportion of two preference shares for every ordinary share held. The members subscribed for 47,5 per cent of the issue, and Anglo American Corporation Group companies, which exercised their rights, took up the balance. The situation in respect of the Orange-Fish tunnel contract is under review and it may be necessary for LTA to provide for further losses subsequent to 30th June 1971.

In August 1971 the first paper came off the No. 1 machine of Mondi Paper Company Limited, 19 months after work started on the construction of the mill. The company supplies paper to members of the Newspaper Press Union throughout South Africa. This machine has also successfully produced telephone directory paper and the company has a contract to supply the country's total requirement of this product. The No. 2 machine was commissioned during March 1972 and saleable paper was produced within hours of start-up. The machine will produce a variety of fine papers, as well as various grades of magazine papers. It is not yet possible to determine the final cost of the Mondi project but it will certainly be in excess of the R38 million originally contemplated, having regard to the inflationary climate during the period of construction.

Profits after tax of African Explosives and Chemical Industries Limited (AE and CI) increased by three per cent in 1971 to R18,6 million. Sales of fertilizer and crop protection chemicals were higher than in 1970, while those of chemicals, explosives and plastics remained steady. There was a drop in sales of animal feeds.



It was announced in June 1971 that the Government had approved the decision of AE and CI to erect a new ammonia plant at Modderfontein, near Johannesburg, where it is also considered necessary to expand existing manufacturing facilities for nitric acid and ammonium nitrate. This whole complex is expected to come on stream in 1974 and is expected to cost approximately R77 million instead of the R66 million previously announced, mainly as a result of devaluation of the rand. During the last quarter of 1971, AE and CI acquired from Duroplastic Penta Industries (Proprietary) Limited that company's leathercloth manufacturing and car trim activities which have been merged with the AE and CI 'Vynide' operations. This acquisition, together with the increased capacity available at Midland, in the Orange Free State, is expected to improve the company's vinyl products business.

Chemical Holdings Limited had a successful year and, with a substantial increase in its sales of specialised chemicals for industry and agriculture, improved its profit after tax for the year ended 30th June 1971 by 64 per cent to R412 000. While sales improved by 26 per cent during the six months to December 1971 compared with the same period in 1970, the cost of raw materials rose substantially and profits increased by only 11 per cent.

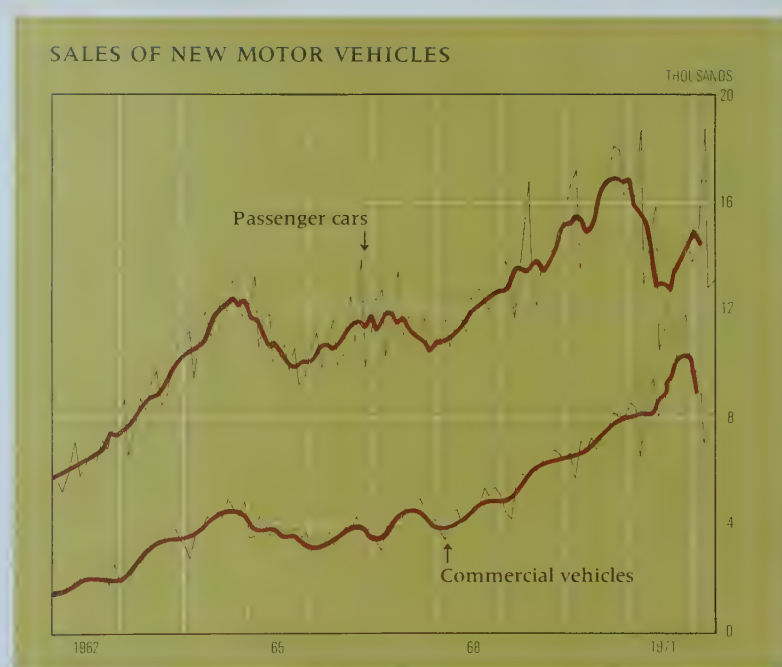
South African Nylon Spinners (Proprietary) Limited, in which Debincor and AE and CI have substantial interests, increased its productive capacity during the year by installing new plant. The application of recent technology which enables existing plant to be used for either nylon or 'terylene' production has improved the flexibility of the operation. A decline in the sales of nylon industry yarns was offset by appreciably higher demand for nylon and polyester apparel yarns. Reductions in the selling prices of nylon yarns were made, although costs of production were adversely affected by inflationary pressures in South Africa and increased costs of raw material imports following the devaluation of the rand.

Ropes and Mattings Holdings Limited reported a lower profit of R905 000 for the year ended 30th June 1971. For the six months ended 31st December 1971 the profit was also lower at R436 000. The Ropes and Mattings group has concentrated its development in the industrial packaging and textile waste recovery division. Difficulties arose because of the interruption of supplies of jute as a result of the Indo-Pakistani war and measures have been taken to secure substitute materials. The operations of the hand-knitting yarn division are developing well.

The earnings of South African Board Mills Limited for the year ended 30th April 1971 declined to R1,4 million or 15,6 cents a share against 19,7 cents a share in 1970. This was due to difficult market conditions caused by rising costs of production and competition from imported products at depressed prices. The productive capacity of the paperboard division was increased by the installation of the new mill at Springs which went into commercial production in October 1971. In the same month the company increased its selling prices of paperboard for the first time in nearly 14 years. It has been estimated that the pre-tax profits of the sugar section for the last growing season will improve to around R220 000 from R110 000

because of the more favourable climatic conditions experienced during the past season.

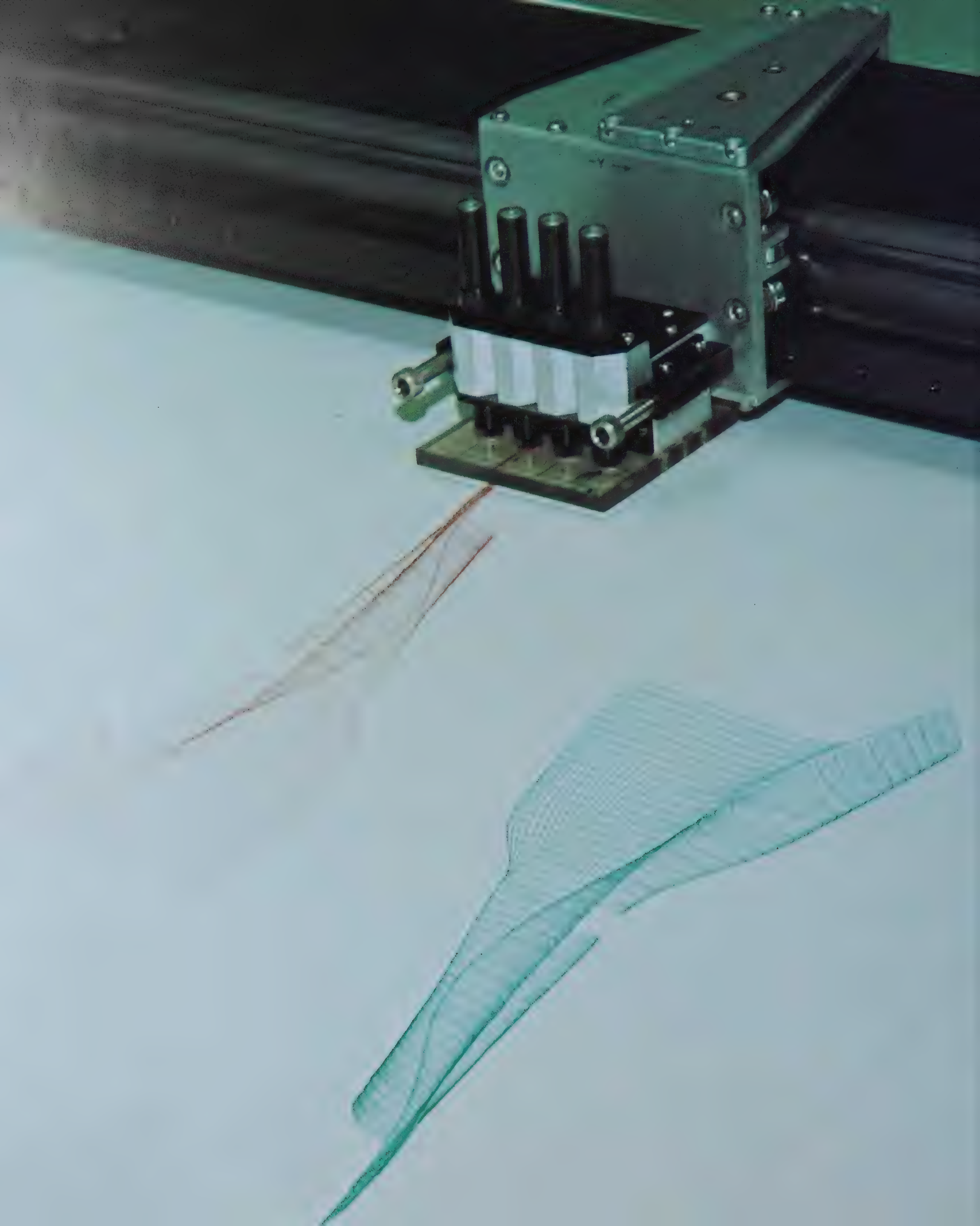
The motor industry was affected by Government controls during 1971 and total motor car sales dropped by nearly 13 per cent during the year. Sales of commercial units, however, increased by just over 25 per cent. Against this background, the McCarthy-Main Holdings Limited group performed well, improving its profit by 21 per cent to R1,2 million. Atkinson-Oates Motors Limited, in which McCarthy-Main holds 46,6 per cent, increased its consolidated profit after tax for the year ended 30th June 1971 by 24 per cent to R2,1 million. Illings (Proprietary) Limited, a subsidiary of McCarthy-Main, increased its profit by 38 per cent to R883 000, largely because of



the continued progress made by the Komatsu Earthmoving Division and improved market penetration by Mazda commercial vehicles and passenger cars.

Illings has extended its sales range with the introduction of the Mazda RX 2 rotary-engine cars, which have been extremely well received in the U.S.A. Illings has also recently been appointed South African distributors of the American-manufactured Mack trucks. McCarthy-Main's growth rate for the current year is expected to slow down because of continuing uncertainty in the motor industry, but the wide operating base of the McCarthy-Main group should ensure its competitive position.

Despite rapidly rising costs, United Transport Holdings Limited improved its profit by R250 000 to R1,9 million during 1971. It is expected that costs will rise even more during 1972 as a result of the recent



currency adjustments. The level of business of Freight Services Limited for the year ended 30th June 1971 in its freight, forwarding, clearing and travel agency activities changed only marginally from that of the previous year. Unfortunately, the imposition of import controls in November 1971 and the increase in air fares will undoubtedly have an adverse effect on the company's earnings in the current financial year despite the satisfactory results achieved during the six months ended 31st December 1971.

The Group's interest in timber and board is mainly held through Forest Industries and Veneers Limited which in turn holds the entire issued equity of Peak Timbers Limited and has a minority holding in Bruynzeel Plywoods Limited. Both Peak and Bruynzeel improved their profits for the year ended 30th June 1971, but since October demand for both timber and board has weakened with the slow-down in the building industry. To match market requirements Peak will complete, by the middle of the current year, the conversion of its main mill to the production of structural timber. In addition, the enlargement of the kiln capacity at the mill, enabling production to be kiln dried, will improve quality and recovery.

The Group's investments in food producers and farming ventures in South Africa prospered during 1971. African Products Manufacturing Company Limited, which produces starch, cornflour, dextrin and glucose, showed an improvement in profit of 26,5 per cent to R843 000 and the company increased its dividend by three cents to 15 cents. It achieved a breakthrough in marketing new dextrose and starch products to the brewing industry which will increase sales considerably. Soetvelde Farms Limited made a maiden profit in 1971, one year ahead of target, and Rhodes Fruit Farms Limited showed a record operating profit. Although the entry of the United Kingdom into the Common Market will present a major challenge to South African canned fruit exporters, producers will have the advantage of the price benefit arising from the devaluation of the rand. Dewhurst Fresh Foods Limited was further reorganised to reduce its unprofitable retail outlets and concentrate on the expansion of its industrial sales.

Industrias de Caju Mocita Limitada had an excellent year. The demand for cashew nuts continues to increase, particularly in Europe. The company was successful in negotiating with an American firm a sales contract which will be worth \$3,5 million in 1972. The new factory at Antonio Enes, which began operations in April 1971, is now rapidly increasing its production and should be operating at full capacity by the end of the current year.

The major interests of Zamanglo Industrial Corporation Limited (ZAMIC) are a 24,5 per cent holding in Zambia Breweries Limited and 29,5 per cent in Contractual Holdings Limited. The latter has substantial interests in companies which provide contracting services and manufacture tools and equipment for use in drilling, shaft sinking and engineering in the Zambian mining industry. The net profit of ZAMIC for the year ended 30th June 1971 was K1 278 000 and total dividends were K900 000.

The company has announced plans for a K4 million agricultural development project in the Chisamba East district near Lusaka, for

the production of maize, beef, tobacco and vegetables, with the major emphasis being placed initially on maize production. Seven farms totalling 25 000 hectares have been bought at a cost of K400 000. An agricultural division was formed to administer both this project and Mushili Limited, a wholly-owned subsidiary which operates dairy farms on the Copperbelt.

Computer Sciences S.A. Limited (CSSA) made satisfactory progress during the year with the development of time-sharing and computer-related services. In June 1971 its INFONET time-sharing service was commissioned and the initial growth in INFONET's clientele and revenue is encouraging. In February 1972 agreement was reached to merge CSSA with Dedicated Data Centre Limited, a company providing computer services to the Anglo American Corporation Group, and with Sigma Data Corporation (Proprietary) Limited which has been most successful in developing a computer service bureau business in the Transvaal in recent years. This merger will bring significant advantages to the combined company, Computer Sciences Sigma Limited. Considerable savings in costs are being achieved by the rationalisation of similar operations conducted by the three companies and, in addition, Computer Sciences Sigma is now able to offer a very broad range of services and processing facilities enabling clients to service their requirements to best advantage. The Anglo American Corporation Group and Computer Sciences Corporation Inc. (CSC) of Los Angeles retain substantial interests in Computer Sciences Sigma and CSC will continue to provide technical management to the company.

Further details of the principal industrial and commercial companies in which the Group holds shares are given on pages 82 to 85.

Property

AMAPROP consolidates its position

The estimated value of the property companies administered by the Corporation, including Anglo American Properties Limited (AMAPROP), the Group's principal property vehicle, was approximately R140 million. Of that total, the interests of the Corporation and its associated finance companies, including South African Townships Mining and Finance Corporation Limited, which also has substantial property interests, accounted for more than R40 million. While the major part of these property investments is represented by central city buildings and shopping centres, substantial interests are also held in residential and holiday apartments, townships and marinas. Both AMAPROP and South African Townships increased their profits during the year in spite of the downturn in the South African economy in 1971.

AMAPROP is developing two major office and shop complexes in the central business district of Durban. The larger project, 320 West Street, comprises 30 000 square metres of office accommodation in a 34-storey office tower and 12 000 square metres of retail and



showroom space. The main arcade, ground floor and first floor arcades have been completed. The bulk of the remaining shops and the low-rise section of the office tower will be completed by mid-1972, and the rest of the building in the following year. The second development project in Durban is National Board House in which AMAPROP has a 54 per cent interest. It is planned that this 30-storey project will ultimately comprise 18 600 square metres of office space and 1 700 square metres of retail space, but consideration is being given to postponing the construction of the office tower for the time being in anticipation of a temporary over-supply of office accommodation in Durban.

In Johannesburg, Carlton Centre's comprehensive shopping centre, which covers a gross floor area of approximately six hectares, came into operation in July 1971. By the end of 1972 it is anticipated that 95 per cent of the shops will be trading. Structural work on the 50-storey office tower has been completed and 12 tenants are already in occupation in the low-rise section. The topping out ceremony of the 600 bedroom, 30-storey hotel took place in February 1972, and it is anticipated that the hotel will open towards the end of the year. The 5 300 square metre exhibition centre was completed early in 1972 and the first exhibition has been staged. The entire Carlton Centre project is expected to be completed in the second half of 1973.

The construction of the main tower block of Cabana Beach, a holiday apartment complex on a three-hectare site at Umhlanga Rocks, north of Durban, is well advanced. The 32 beach-front cabanas have been occupied since December 1970. The 14-storey main tower will comprise 180 apartments of various sizes and six luxury penthouses. The finishes and furnishings of this air-conditioned complex will be of the highest standard and a wide range of dining, recreational and entertainment facilities will be provided. Considerable public interest has been shown in this project and there is a strong demand for the available accommodation.

Planning of the Marina da Gama at Muizenberg, Cape, has reached an advanced stage. In view of the regional amenity that will be created by the establishment of the Marina, the Cape Town City Council agreed to refund to Muizenberg Marine Estates Limited a substantial portion of the capital expenditure to be incurred on the project, including the construction of a breakwater and dredging of the harbour. The arrangements made with the City Council have been approved by the Cape Provincial Administration and construction will begin during 1972.

Marina da Gama will comprise a township of 5 500 houses and apartments situated mainly along the shoreline of Sandvlei, a freshwater lagoon on the False Bay coast. The development will eventually be capable of accommodating 20 000 people. Sandvlei will be linked by a deep-water channel to an ocean marina providing berthing facilities for 1 500 private boats. The marketing of the first residential waterfront stands is expected to begin in 1973.

High demand for stands at La Lucia, approximately 13 kilometres north of Durban, continued during 1971 and stands to a value of R1,6 million were sold leaving a limited number of residential

stands and flat and hotel sites for sale. In Prospecton, the industrial township comprising 223 hectares developed by Isipingo Property Investments Limited, 30 hectares having a value of R3,3 million were sold during the year to 29th February 1972. As Prospecton is the only industrial area in the immediate vicinity of Durban in which large stands are still available, sales are expected to be maintained during 1972.

In October 1971, the Anglo American Corporation Group increased its interest in Creative Homes Limited to 80 per cent and that company became a subsidiary of AMAPROP. The company has been engaged in selling stands in townships which it has developed and in 1971 it sold 803 stands in the Cape Peninsula, Eastern Cape and Transvaal for a total consideration of R3,0 million. The company owns some 11 100 hectares of land in varying stages of development on the coast between East London and Cape Town and in the Cape Peninsula.

During the year South African Townships sold property to a value of R977 000. The company has sold a major portion of its property in the Bryanston area: a small number of stands remain unsold and these should provide the main source of revenue from stand sales over the next few years. The shopping centre complex in Bryanston was opened in October 1971 and by mid-April trading was taking place in 73 per cent of the retail area.

The Vereeniging Estates Limited which also has property interests, has recently developed two new residential townships in Vereeniging. In Bedworth Park, where sales began in April 1970, 84 per cent of the available stands had been sold by March 1972. In Three Rivers East, where sales began in October 1971, 32 per cent of available stands had been sold by March 1972. The total value of stands sold so far in these townships is R3,6 million. Proclamation of both townships is expected during 1972.

Since March 1971 the Corporation has managed Retail and General Properties Limited and Land Investment and Development Corporation Limited (LIDCOR). LIDCOR has a diversified property portfolio which includes interests in residential townships, small holdings, industrial townships and institutional and city-centre sites in the Transvaal, Natal and Cape Province. On 3rd March 1972, The London, Australian and General Exploration Company Limited, a subsidiary of Jessel Securities Limited, announced an offer for the issued capital of LIDCOR. Should this offer be accepted by LIDCOR shareholders, the Corporation will cease to act as secretaries and administrative advisers to the company.

Retail and General's portfolio comprises mainly shopping centre complexes. The company's major project is the Cape Peninsula's first regional shopping centre which is being developed on an eight-hectare site at Kenilworth. Construction of the first stage of the project, measuring 39 500 square metres, has begun and is expected to be completed during 1973. When fully developed the centre will provide 56 000 square metres of retail space.

Further details of the property companies in which the Group holds shares are given on page 86.



Exploration and research

Prospecting programmes in 18 countries

Substantial expenditure continues to be incurred by the Group on exploration programmes in various parts of the world. The trend towards increased expenditure on base metals has continued as opportunities for their exploitation improve with increased industrialisation. Nevertheless, possibilities for precious metals are kept under constant review in the light of economic and market conditions.

The largest portion of the Group exploration budget is still expended in southern Africa on operations administered from Johannesburg. The main single area of activity is in the northern Cape where options are held over large tracts of land in the Prieska, Kenhardt and Upington areas where work continues on detailed testing of anomalies located by airborne survey. More recently, further options have been obtained in the Pofadder district, further west.

The joint nickel exploration programme with The International Nickel Company of Canada Limited in the northern Transvaal has continued with negative results to date. Considerable effort and money was spent also on the investigation of the copper/nickel potential of the Tati Concession in Botswana. Although mineralisation was found in one area under option, the grade and tonnage was insufficient to justify exercising the option rights and it has not proved possible to find a new basis with the owners on which to proceed. In the Tuli Block, which has similar geological characteristics, ground follow-up work on anomalies located by an airborne survey was continued.

The joint venture with Anglo Transvaal Consolidated Investment Company Limited in north-west Botswana and the Witvlei area of South West Africa has been reduced in scale during the past year. Certain prospecting grants in Botswana have been abandoned and we expect to retain only a diluted interest in others. At Witvlei, where limited copper mineralisation has been located, operations have been temporarily suspended while the extent of the possible reserves and the future of the area are reassessed.

In the Tete area of Mozambique, general exploration work continued during 1971 with the object of assessing the overall potential for base metals. Initial indications are that possibilities for coal, copper and other minerals do exist although it is too early to know whether specific targets can be defined.

Coal prospecting in South Africa was confined mainly to the proving of additional low-ash metallurgical reserves for expected local and export markets. Large tonnages of bituminous coal outlined in previous programmes have been examined in greater detail and additional coal rights have been purchased. Further coal prospecting options are held over considerable areas. In Botswana, investigations have been directed to the exploration of potential open cast coal deposits over fairly large areas.

There have been new developments in the field of gold and

uranium exploration. A gold prospecting programme has been initiated to test possible extensions of the Upper Witwatersrand system south of the Orange Free State gold fields. In the Dominion Reefs area of the western Transvaal, a reappraisal of the results of the uranium investigation completed in 1970 has led to the purchasing of some of the mineral rights, previously held under option, containing reserves which might become exploitable in the future.

In November 1971, the Department of Mines offered the Corporation leadership of a consortium to prospect for uranium in the interesting Rössing area of South West Africa. Union Corporation Limited will also hold a substantial participation in the venture and it is hoped that international partners will join the consortium. De Beers Prospecting S.W.A. (Proprietary) Limited has also been awarded a concession—in which the Corporation will have a major participation—in the same area.

In Malagasy the results obtained by the various syndicates, in which the Corporation participates in association with French partners, have generally been disappointing and our future involvement is presently under review. However, one of the syndicates under the technical management of Société le Nickel is continuing its programme of appraisal drilling of the previously outlined lateritic nickel deposit. A detailed report on the reserves and grade is expected by mid-1972.

The Corporation has participated in four oil exploration ventures during recent years in Angola, Mozambique, South West Africa and South Africa. Results in South West Africa and Mozambique, where the Corporation has participated in joint ventures with Société Nationale des Petroles d'Aquitaine, have been disappointing and the future programme is now under review. In Angola, however, where the Corporation is a member of a South African consortium which holds a 25 per cent interest, the possibilities for additional oil discoveries are considered promising. In a fourth venture, in association with Soekor and companies in the Shell, Barlow Rand and Aquitaine groups, the Corporation has entered into an option with Placid Oil Company to carry out a geophysical survey over parts of Block F off the South African coast near Mossel Bay, and, depending on results, a subsequent drilling programme.

In Rhodesia a detailed study of the claims held on the Great Dyke was completed and as a result it was decided to sink a small shaft to study geological and mining conditions further. The broad geological investigation for nickel continued in five exclusive prospecting areas and on various claims covering about 140 square miles. An extensive drilling programme was carried out in one area of interest, where an assessment is now being made of the limited mineralisation encountered. The search for other minerals continued, an extensive high grade refractory clay deposit being proved during the year.

In Zambia, prospecting of the 14 licence areas held by the Group continued during the year. Main interest is centred on Munali, south of Lusaka, where a nickel deposit has been discovered and drilling is in progress to assess its potential. Copper anomalies are



being investigated in other areas. Prospecting in the Nchanga Consolidated Copper Mines Limited mining licence areas has established further extensions of the orebodies on all the mining properties. In addition, some interesting copper indications have been discovered north-west of Kansanshi mine and in the Chingola mining area.

In Canada, Anglo American Corporation of Canada Limited (AMCAN) continued to participate with Hudson Bay Exploration and Development Company Limited in exploration programmes in the Yukon Territory, British Columbia and Ontario. Numerous anomalies and a few copper discoveries were tested by surface diamond drilling but none proved to be of economic importance. In Mexico, AMCAN, with local partners, completed drill testing anomalous copper areas in the State of Sonora, with negative results. Samples are being collected for testing from tungsten occurrences and a gold deposit, both located in Central Mexico.

Prospecting operations in Australasia are now being conducted by Australian Anglo American Limited and were concentrated last year in Western Australia and Queensland, with one major project in Tasmania. In Western Australia, the three projects specifically mentioned last year in the Pilbara, Kalgoorlie and Durack Ranges areas proved disappointing, although further work will continue in the Pilbara area. In Queensland, where prospecting is carried out through a joint venture with Kaiser Steel, several copper and molybdenum prospects are being examined and reconnaissance prospecting over a number of large areas is in progress. In Tasmania, regional exploration has continued and detailed follow-up work on selected areas is now in progress.

Apart from its mining activities, Charter Consolidated Limited continued to operate prospecting ventures in various parts of the world, in most of which the Corporation participates directly. In the Republic of Zaïre, formerly the Congo-Kinshasa, an international consortium led by Charter embarked on a detailed feasibility study on the development of a major new copper mine complex in the Tenke-Fungurume area of the Shaba Province.

During 1971 the Société du Tenke-Fungurume completed 157 boreholes representing 16 700 metres of diamond drilling in the area. This drilling programme indicated reserves of mixed copper and cobalt oxide and sulphide ore within 200 metres of the surface. The sulphide content increases with depth. The weighted average for intersections in 73 boreholes is 6,2 per cent copper in the upper orebody, and 7,4 per cent copper in the lower orebody. The latest available estimates of probable and indicated reserves are 12,2 million tons with an average grade of 6,2 per cent copper and 0,40 per cent cobalt. The consortium also holds extensive prospecting concessions in the Shaba Province on the northern and southern limbs of the 'copper arc', where a number of interesting mineral occurrences located during the past year will be investigated in detail.

Charter has three other exploration interests at the present time which are in the United Kingdom, the Iberian Peninsula and the Far East, its activities in Iran having been terminated during the

year. In the recent award of oil and gas exploration areas in the North Sea a consortium, in which Charter is a partner, was awarded two exploration blocks and, in accordance with undertakings given to the Department of Trade and Industry, further detailed seismic work is being carried out prior to drilling operations which will commence as soon as suitable equipment becomes available.

RESEARCH While the Corporation makes use of other research facilities both within the Group and elsewhere, its major research effort is carried out at the Anglo American Research Laboratories and Electronics Laboratory near Johannesburg. Established in 1954 as the Central Metallurgical Laboratory, its aim was to achieve improvements in the recovery of metals, particularly gold and uranium, but this objective has been broadened to include the development of processes to overcome new metallurgical and other problems. Examples of research work in these fields are a sustained and successful programme on the treatment of refractory copper and nickel ores, which is now nearing completion, the beneficiation and further processing of indigenous raw materials, particularly chrome ores, and the development of an improved leaching process for acid-soluble copper and cobalt minerals.

With increased interest in environmental pollution, it was decided some while ago to establish a water treatment section and research work is being undertaken to solve fundamental problems in this field. It is intended to initiate new projects in the field of fuel technology. Successful work was carried out by the Electronics group on non-destructive rope testing and fire detection systems.

General

We report with deep regret the death, on 28th October 1971, of Mr D. A. B. Watson. Mr Watson had been a director of the Corporation and a member of the executive committee since 15th July 1968 and his wise counsel will be greatly missed.

Mr W. G. Boustred and Mr C. J. L. Griffith, who were appointed directors of the Corporation on 27th January 1972, retire from the board in terms of the Corporation's articles at the forthcoming annual general meeting. In addition Mr F. S. Berning, Mr H. F. Oppenheimer, Sir Albert Robinson, Mr M. W. Rush and Mr W. D. Wilson retire by rotation. The retiring directors are all eligible for re-election.

Details of changes in the boards of the Corporation's subsidiary companies and, where appropriate, details of special resolutions passed by subsidiary companies appear on pages 87 and 88 of this report.

In terms of sub-section 10 of section 70 nov of the South African Companies Act, Mr H. F. Oppenheimer is deemed to be interested in 13 022 460 ordinary shares of the Corporation, of which 565 350

are registered in his name. Mr Oppenheimer is also deemed to be interested in 1 000 preference shares in African Loans and Investments Limited, and 121 950 shares in Anglo American Prospecting Company Limited, which are subsidiaries of the Corporation.

The interests of the remaining directors do not in the aggregate, respect of either share capital or voting control, exceed five per cent of the Corporation or any of its subsidiaries. The Corporation is not aware of the extent, if any, of the directors' family interests.

The register of directors' shareholdings in the Corporation and its subsidiaries will be open for inspection at the forthcoming annual general meeting.

The directors of the Corporation wish to thank all members of staff of its various offices for the loyal and efficient service given during the year.

CHAIRMAN'S STATEMENT A statement by the Chairman of the Corporation, Mr H. F. Oppenheimer, will be sent to members before the annual general meeting.

H.F. OPPENHEIMER, *Chairman*

KEITH ACUTT

D.O. BECKINGHAM

F.S. BERNING

W.G. BOUSTRED

E.T.S. BROWN

FREDERICK CRAWFORD

G.C. FLETCHER

W.S. GALLAGHER

C.J.L. GRIFFITH *Directors*

M.B. HOFMEYR

PHILIP OPPENHEIMER

G.W.H. RELLY

ALBERT ROBINSON

M.W. RUSH

J.W. SHILLING

S. SPIRO

J. OGILVIE THOMPSON

G.H. WADDELL

W.D. WILSON

Johannesburg
27th April 1972

Accounts

Auditors' report	42
Features of the consolidated accounts	43
Consolidated balance sheet	44
Consolidated profit and loss account	46
Profit and loss account	47
Balance sheet	48
Notes on the accounts	50
Financial statistics	52

Auditors' report

To the members,
Anglo American Corporation of South Africa Limited

We have examined the books and accounts and vouchers of the Corporation and have satisfied ourselves of the existence of the securities. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Corporation, so far as appears from our examination of those books, and proper returns, adequate for the purpose of our audit, have been received from the Corporation's London and Salisbury offices.

The attached balance sheet and profit and loss account are in agreement with the books of account and returns. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1926, as amended, in the manner so required, the balance sheet gives a true and fair view of the state of the Corporation's affairs as at 31st December 1971, and the profit and loss account gives a true and fair view of the profit for the year ended on that date.

We have also examined the annexed consolidated balance sheet and consolidated profit and loss account of the Corporation and its subsidiary companies with the audited accounts of those companies. In our opinion such consolidated accounts have been properly prepared in accordance with the provisions of the Companies Act, 1926, as amended, so as to give a true and fair view respectively of the state of affairs and of the profit of the Corporation and its subsidiaries so far as concerns the members.

ALEX. AIKEN & CARTER
GOLDBY, PANCHAUD & WEBBER *Chartered Accountants (S.A.)*

Johannesburg
27th April 1972

Features of the consolidated accounts

	1971	1970	1969
	R	R	R
Issued ordinary capital and reserves	292 344 000	271 283 000	253 362 000
Book value of quoted investments	348 445 000	224 239 000	204 496 000
Market value of quoted investments	840 942 000	605 514 000	739 517 000
Book value of unquoted investments	86 436 000	83 096 000	78 621 000*
Investment income	40 906 000	39 213 000	33 879 000
Equity earnings after tax	40 970 000	38 692 000	36 224 000
Equity earnings per share	31,5 cents	29,8 cents	27,9 cents
Dividend per ordinary share	17 cents	16 cents	16 cents
Total ordinary dividend	22 069 000	20 771 000	20 771 000
Number of issued ordinary shares	129 820 400	129 820 400	129 820 400

*Excluding investment in subsidiary companies not consolidated

Consolidated balance sheet 31st December 1971

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED AND SUBSIDIARY COMPANIES

1970				
R000's	R000's		R000's	R000's
		Capital		
		Authorised:		
	14 000	140 000 000 ordinary shares of 10 cents each	14 000	
	1 241	1 241 250 six per cent cumulative preference shares of R1 each	1 241	
	4 759	R4 758 750 six per cent cumulative preferred stock	4 759	
	<u>20 000</u>		<u>20 000</u>	
		Issued (note 1)		
12 982		129 820 400 ordinary shares of 10 cents each, fully paid	12 982	
<u>4 759</u>		R4 758 750 six per cent cumulative preferred stock	<u>4 759</u>	
	17 741			17 741
74 065		Share premium	74 065	
		Less—excess of written-down cost of shares in subsidiary		
		companies over book value of net assets at the		
<u>8 444</u>		dates of acquisition	<u>8 461</u>	
	65 621			65 604
	2 771	Capital reserve (note 2)		2 877
		Revenue reserves (note 3)		
184 019		General reserve	202 467	
<u>5 890</u>		Unappropriated profit	<u>8 414</u>	
	189 909			210 881
	276 042			297 103
	<u>33 816</u>	Loan capital (note 4)		<u>36 228</u>
	309 858			333 331
	61 501	Outside shareholders' interests in subsidiary companies (note 5)		144 924
		Loans		
	182 262	Associated companies and others		210 038
		Creditors		
14 423		Preferred stock dividend No. 85 and ordinary dividend No. 71	15 721	
<u>2 349</u>		Taxation	<u>1 306</u>	
8 685		Sundry	9 094	
	25 457			26 121
	<u>579 078</u>			<u>714 414</u>

J. T. Goldfinch, *Managing Secretary*
A. W. Mollatt, *Treasurer*

Johannesburg, 27th April 1972

Consolidated profit and loss account for the year 1971

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED AND SUBSIDIARY COMPANIES

	R000's	R000's	1970	
			R000's	R000's
Income from investments		40 906		39 213
Income from interest, fees and other sources after deducting administration expenses		28 283		25 991
Surplus on realisation of investments, less provision against investments		<u>1 064</u>		<u>—</u>
		70 253		65 204
<i>Deduct:</i>				
Interest paid:				
Loan capital	1 530		1 527	
Loans by associated companies and others	<u>10 919</u>		<u>10 534</u>	
	12 449		12 061	
Expenditure on office, research and transport equipment	1 263		802	
Contributions to staff pension funds	960		829	
Costs of prospecting	6 160		5 440	
Loss on and provision against loans	2 858		—	
<i>Amounts written off investments, less surplus on realisation of investments</i>	<u>—</u>		<u>1 388</u>	
		23 690		20 520
Group profit before taxation		46 563		44 684
Provision for taxation (note 10)		<u>1 796</u>		<u>3 903</u>
Group profit after taxation		44 767		40 781
<i>Deduct:</i>				
Outside shareholders' interests in subsidiary companies		<u>3 511</u>		<u>1 803</u>
Group profit attributable to Anglo American Corporation of South Africa Limited		<u>41 256</u>		<u>38 978</u>
Appropriations				
Dividends:				
<i>On preferred stock:</i>				
No. 84 of three per cent, declared 7th June 1971	143		143	
No. 85 of three per cent, declared 9th December 1971	143		143	
<i>On ordinary shares:</i>				
No. 70 (interim) of 5c per share, declared 23rd September 1971	6 491		6 491	
No. 71 (final) of 12c per share, declared 23rd March 1972	<u>15 578</u>		<u>14 280</u>	
	22 355		21 057	
General reserve	<u>17 500</u>		<u>15 000</u>	
		39 855		36 057
		<u>1 401</u>		<u>2 921</u>
<i>Add:</i> Unappropriated profit, 31st December 1970	5 890		2 969	
Adjustment thereto arising from the realignment of currencies	<u>1 123</u>		<u>—</u>	
		7 013		2 969
Unappropriated profit, 31st December 1971		<u>8 414</u>		<u>5 890</u>

For notes see pages 50 and 51

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

For notes see pages 50 and 51

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

Johannesburg, 27th April 1972

49

Notes on the accounts

1 Share capital

The unissued capital comprises 10 179 600 ordinary shares of ten cents each and 1 241 250 six per cent cumulative preference shares of R1 each. Of the unissued ordinary shares 1 500 000 have been placed at the disposal of the directors, acting through trustees, for a share option scheme for senior members of the staff. Options are granted for ten years or until retirement, whichever is the earlier.

At 31st December 1970, 344 500 shares were under option at 650 cents a share. During the year the options over 7 000 shares lapsed leaving a balance of 337 500 shares under option at 31st December 1971. On 19th January 1972 additional options over 235 500 shares were granted at 537 cents a share. Accordingly at present 573 000 shares are under option.

The remaining 8 679 600 unissued shares are under the unrestricted control of the directors in terms of resolutions of members.

2 Capital reserve

The increase in the capital reserve arises as follows:

Balance at 31st December 1970	R2 771 000
Add:	
Adjustment thereto arising from the realignment of currencies	106 000
	<u>R2 877 000</u>

3 Revenue reserves

General reserve

The increase in the general reserve arises as follows:

	Corporation	Group
Balance at 31st December 1970	R142 500 000	R184 019 000
Add:		
Adjustment thereto arising from the realignment of currencies		948 000
		<u>184 967 000</u>
Add:		
1971 profit appropriated	12 000 000	17 500 000
	<u>R154 500 000</u>	<u>R202 467 000</u>

The revenue reserves do not take into account the value of office, research and transport equipment, the cost of which is written off on acquisition.

4 Loan capital (see directors' report)

Loan capital comprises the following:

	Rand equivalents	
Loan of:	1971	1970
(a) Swiss francs 32 263 000	5 267 000	7 023 000
(b) Swiss francs 10 754 000	1 756 000	—
(c) Swiss francs 50 000 000	9 766 000	8 289 000
(d) U.S.\$9 529 000	7 147 000	6 807 000
(e) U.S.\$16 273 000	12 204 000	11 605 000
(f) R88 000	88 000	92 000
	<u>R36 228 000</u>	<u>R33 816 000</u>

The increased liability in respect of loans (c), (d) and (e) arises as a result of the realignment of currencies. Associated companies sub-participate in loans (c) and (e) to the equivalent of R12 775 000.

Details of the individual loans are as follows:

- The loan of Swiss francs 32 263 000 is represented by 32 263 bonds of 1 000 Swiss francs each and bears interest at the rate of 5 per cent per annum. The loan is repayable in three equal annual instalments on 15th July in each of the years 1972 to 1974, the first instalment of Swiss francs 10 754 000 having been paid on 15th July 1971—see (b). The servicing and redemption of the bonds are covered by forward exchange contracts with the South African Reserve Bank.
- The loan of Swiss francs 10 754 000 which was raised to pay the first instalment on loan (a) above, bears interest at the rate of $6\frac{3}{4}$ per cent per annum and is repayable on 15th June 1972. The servicing and redemption of the loan are covered by forward exchange contracts with the South African Reserve Bank.
- The loan of Swiss francs 50 000 000 bears interest at the rate of $7\frac{3}{4}$ per cent per annum and is repayable on 23rd December 1972.
- The loan of U.S.\$9 529 000 bears interest at the rate of 6.96 per cent per annum and is repayable between 1978 and 1982, subject to minor repayments of U.S.\$104 000 each year from 1973 to 1977 inclusive. The Corporation may, in certain circumstances, make repayment earlier.
- A loan facility was fully drawn in the amount of U.S.\$16 273 000 bearing interest at the rate of $7\frac{1}{8}$ per cent per annum. The facility expired on 28th January 1972 but was renewed at an interest rate of $4\frac{11}{16}$ per cent per annum until 29th February 1972 when it was repaid.
- The loan of R88 000 is represented by five-and-three-quarter per cent registered unsecured notes which are repayable at par on 31st March 1982 unless previously purchased or redeemed in accordance with the note conditions.

5 Outside shareholders' interests

The interests of the outside shareholders in subsidiary companies amounted to R144 924 000 at 31st December 1971. This does not take into account the excess of R39 726 000 (1970: *shortfall of R67 000*) attributable to outside shareholders in respect of the amount by which the market value of quoted investments held by subsidiaries exceeds their book value.

6 Contingent liabilities and commitments

(a) There are contingent liabilities in respect of:

- A guarantee with others to a diamond mining company in respect of an agreement which that company has with The Diamond Corporation Limited. The Corporation's liability has, however, been fully counter-guaranteed.
- Guarantees with De Beers Consolidated Mines Limited in respect of the servicing and repayment of foreign loans to Highveld Steel and Vanadium Corporation Limited of Deutschemarks 100 000 000, U.S.\$20 000 000 and Swiss

francs 65 000 000 (1970: D.M. 100 000 000, U.S.\$20 000 000 and Swiss francs 65 000 000). The servicing and repayment of the loans are covered by forward exchange contracts with the South African Reserve Bank.

- (iii) A guarantee with another of U.S.\$4 050 000 (R3 037 000) of the bank overdraft of Botswana R.S.T. Limited, of which \$2 493 000 (R1 870 000) has been laid off to associated companies. The guarantee will expire when Botswana R.S.T. Limited repays its overdraft out of fresh capital it proposes to raise by mid-1972.

With effect from 7th March 1972, completion undertakings to lenders to Bamangwato Concessions Limited and the Republic of Botswana in respect of a portion (amounting to the equivalent of R33 440 000 at current exchange rates) of loans in United States dollars, Deutschmarks and rand whereby the Corporation with another undertakes to arrange or procure 37,5 per cent of any finance, additional to that already arranged, which may be required to complete the Selebi-Pikwe mine. A 61 per cent interest in the undertakings has been laid off to associated companies. The undertakings continue until certain requirements of the lenders as to completion of the project have been met.

With effect from 7th March 1972, guarantees with another in respect of the United States dollar and Deutschmark loans, referred to in the preceding paragraph, to the extent of the equivalent of R7 560 000 (at current exchange rates) of which R4 650 000 has been laid off to associates.

- (iv) Other guarantees given by the Corporation totalling R9 502 000 (1970: R7 089 000) and by subsidiary companies totalling R8 813 000 (1970: R21 000) for the fulfilment of other contractual obligations. Counter-guarantees have been obtained for R1 566 000.

- (b) There are commitments in respect of undertakings to subscribe or procure subscriptions for shares in and to make loans to other concerns.

7 Property, mineral rights, prospecting expenditure and equipment

The amount of R15 217 000 shown on the consolidated balance sheet under this heading comprises the following:

	1971	1970
	R	R
Fixed assets—land, buildings and fixed improvements at cost, or net book value 1st January 1953	8 949 000	8 231 000
Property for resale, mining and other properties, mineral rights, trading rights and prospecting expenditure, at cost less amounts written off	6 268 000	2 414 000
Office, research and transport equipment—written off	—	—
	<u>R15 217 000</u>	<u>R10 645 000</u>

No depreciation of fixed assets has been provided during the year.

8 Change in basis of accounting

As mentioned in the 1970 directors' report, the basis for writing down investments was changed as from the 1971 financial year. If the previous basis of writing down had been applied, the profits of the corporation for 1971 would have been lower by R372 000 and those of the Group by R988 000.

9 Directors' remuneration

The aggregate amount payable to directors by the Corporation and its subsidiary companies is as follows:

	1971	1970
	R	R
Directors' fees	79 000	80 000
Other emoluments	<u>627 000</u>	<u>732 000</u>
	<u>R706 000</u>	<u>R812 000</u>
Pensions of past directors for services in a managerial capacity	<u>R34 000</u>	<u>R16 000</u>

10 Provision for taxation

Provision for taxation has been made as follows:

	1971		1970	
	Corporation	Group	Corporation	Group
	R	R	R	R
South African	370 000	689 000	1 260 000	1 468 000
Foreign	<u>169 000</u>	<u>1 376 000</u>	<u>188 000</u>	<u>2 363 000</u>
	539 000	2 065 000	1 448 000	3 831 000
Net adjustment in respect of previous year	<u>20 000</u>	<u>269 000</u>	<u>72 000</u>	<u>72 000</u>
	<u>R519 000</u>	<u>R1 796 000</u>	<u>R1 520 000</u>	<u>R3 903 000</u>

11 Currency conversion

Foreign currencies have been converted at the approximate rates of exchange ruling at 31st December 1971.

Financial statistics from the consolidated accounts for the ten years to 1971

	Number of issued ordinary shares†	Issued ordinary capital and reserves	Investments		Equity earnings after taxation	Equity earnings per share†	Dividend per ordinary share†	Total ordinary dividend
			Book value	Market value*				
		R	R	R	R	cents	cents	R
1962	110 838 690	125 540 000	134 669 000	290 376 000	19 279 000	17,3	10	11 034 000
1963	126 434 710	162 814 000	161 293 000	361 518 000	23 358 000	18,5	10	12 643 000
1964	126 740 400	175 402 000	167 562 000	401 165 000	27 174 000	21,4	12	15 213 000
1965	127 353 040	189 229 000	170 188 000	419 893 000	28 941 000	22,7	13	16 555 000
1966	128 082 300	204 685 000	179 360 000	490 104 000	30 536 000	23,8	13	16 648 000
1967	129 820 400	222 260 000	212 835 000	616 177 000	30 540 000	23,5	13	16 824 000
1968	129 820 400	237 050 000	262 299 000	956 355 000	32 728 000	25,2	14	18 175 000
1969	129 820 400	253 362 000	283 117 000§	818 138 000§	36 224 000	27,9	16	20 771 000
1970	129 820 400	271 283 000	307 335 000§	688 610 000§	38 692 000	29,8	16	20 771 000
1971	129 820 400	292 344 000	434 881 000	927 378 000	40 970 000	31,5	17	22 069 000

*Includes unquoted investments at book value and outside shareholders' interest in surplus of market value of quoted investments over book value

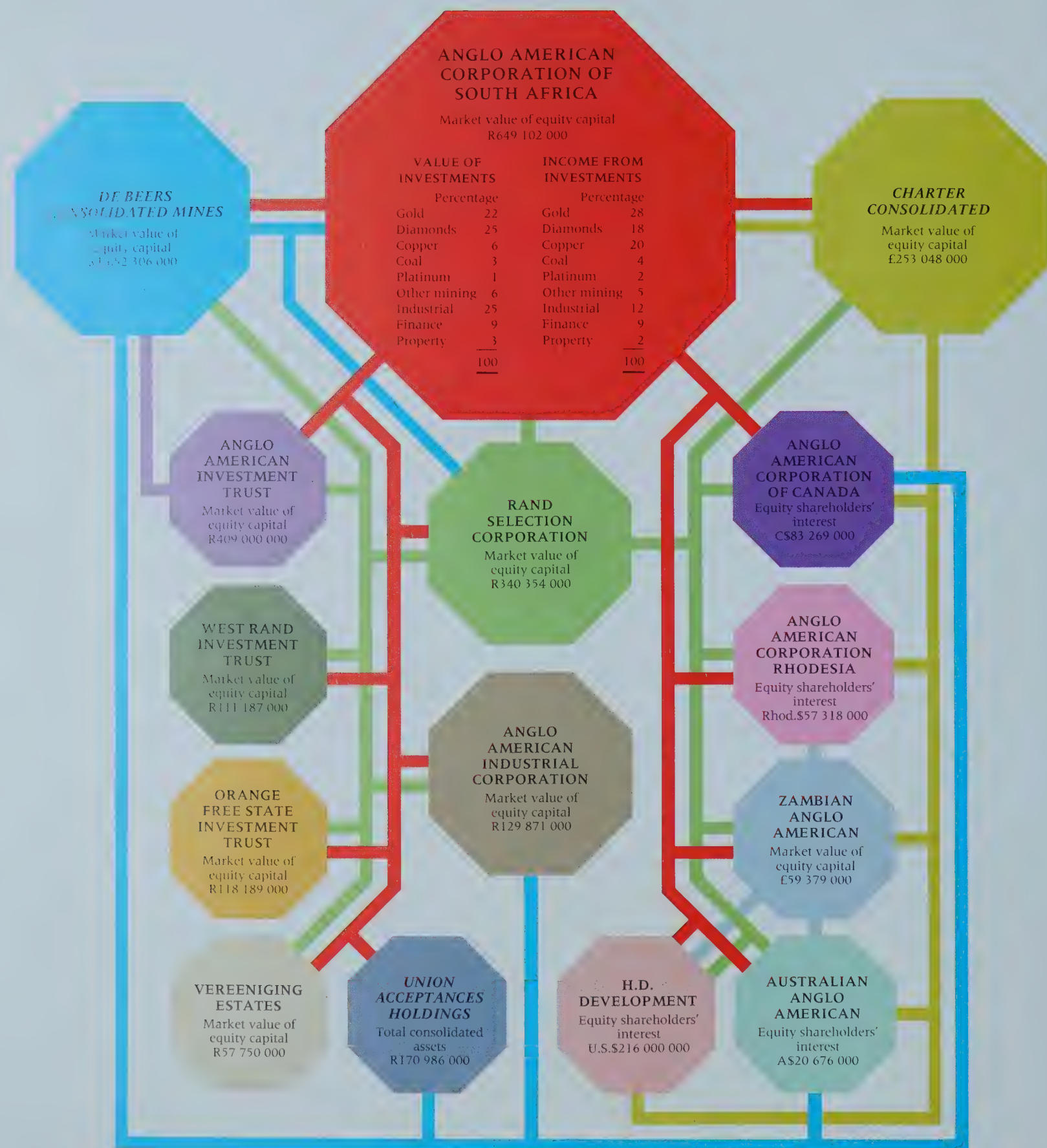
†Adjusted for share subdivision on 13th June 1969 of R1 shares into 10 cent shares, for purposes of comparison

§Excluding investment in subsidiary companies not consolidated

Profile of the Group

Structure of the Group	54
Interests of the Group	56
Finance and investment	61
Gold, Orange Free State	68
Gold, Far West Rand and Klerksdorp	70
Gold, Rand and Evander	72
Diamonds	74
Copper and other mining	77
Coal	80
Industrial and commercial	82
Property	86

Structure of the Group



Anglo American Corporation is head of a group that comprises a large number of companies which the Corporation administers, but which in most cases are not subsidiaries in the statutory sense. These companies fall into two main categories: the finance and investment companies, through which the majority of the Corporation's investments is held; and the mining, industrial and other operating companies. The Corporation also has substantial investments in a number of companies which it does not administer, the most important of these holdings being in De Beers and Charter, with which the Corporation has close links derived from associations of many years' standing.

The structure of the Anglo American Corporation Group is outlined in the chart, which shows the significant shareholding relationships between the Corporation and the principal Group companies, and how the Group's interests in De Beers and Charter are held. The more important holdings of these two companies in the Anglo American Corporation Group are also shown. The De Beers group holds an interest of about 48 per cent in Rand Selection Corporation, and the De Beers and Charter groups each hold approximately 25 per cent in Anglo American Corporation of Canada.

The brief descriptions of the companies that follow indicate their principal interests or activities; the market valuations in the chart are at 31st December 1971. Names of companies outside the Anglo American Corporation Group are printed in italics.

DE BEERS CONSOLIDATED MINES

Produces natural and synthetic diamonds, co-ordinates the marketing of diamonds produced by the *De Beers group* and other producers, and has diversified investments outside the diamond industry. At end 1971 investments and net current assets of the *De Beers group* were valued at R516 million after providing for investment loans.

CHARTER CONSOLIDATED

Mining finance and investment. Investment distribution of net assets (per cent) on 31st March 1971 was: Mining finance 47,5; diamonds 3,1; gold 2,3; copper and other metals 6,6; tin 1,8; industrial, commercial and oil 18,7; long-term loans 0,8; fixed assets 6,6; and net current assets 12,6; Geographical distribution (per cent) South Africa 33,2; rest of Africa 8,7; North America 17,9; United Kingdom 23,6; Australia 11,9; elsewhere 4,7.

RAND SELECTION CORPORATION

Finance and investment, with interests in many Group companies, including Anglo American itself, AMIC, ANAMINT, Vereeniging Estates, S.A. Townships, OFSIT, WRIT and Zamanglo. Also in Carlton Centre, Highveld Steel, Swaziland Iron Ore and Western Deep Levels. Other interests include *De Beers*, *Charter*, *J.C.I.*, *AMCAN* and Australian Anglo American.

ANGLO AMERICAN INDUSTRIAL CORPORATION

Industrial finance and investment. Holdings in *De Beers Industrial Corporation* (which has a 42,5 per cent interest in *African Explosives*), *LTA*, Vereeniging Refractories, *Ropes and Matting*s, *S.A. Board Mills*, Highveld Steel, *Union Steel*, *Mondi Paper* and other companies. Scaw Metals and Boart and Hard Metal Products are wholly-owned subsidiaries.

ANGLO AMERICAN INVESTMENT TRUST

Major shareholdings in *De Beers Consolidated Mines* and diamond trading companies.

WEST RAND INVESTMENT TRUST

Substantial interests in gold and gold-uranium mines of the western Transvaal and in *Gold Fields of South Africa*. Major holdings are in *Buffelsfontein*, *Hartebeestfontein*, *Vaal Reefs*, *West Driefontein*, *Western Deep Levels*, *Kloof*, *East Driefontein* and *Zandpan*.

ORANGE FREE STATE INVESTMENT TRUST

Substantial holdings in all gold mines in the Orange Free State, principally *Free State Geduld*, *President Brand*, *President Steyn*, *St. Helena*, *Welkom* and *Western Holdings*.

VEREENIGING ESTATES

Owns properties and mineral and coal rights in the Transvaal and O.F.S. and has substantial interests in coal mining. Subsidiaries include Amalgamated Collieries, *Coronation*, *Springbok* and *Vryheid Coronation*. Industrial interests include Vereeniging Refractories (a subsidiary) and *AMIC*.

UNION ACCEPTANCES HOLDINGS

Merchant bankers, managers of *U.A.L. Mutual Fund* and *First Union General Investment Trust*, and closely associated with *National Board of Executors* and *C. T. Bowring South Africa*.

ANGLO AMERICAN CORPORATION OF CANADA

Holds Canadian assets of Anglo American Corporation, *De Beers* and *Charter* groups. Major holding in *Hudson Bay Mining and Smelting*.

ANGLO AMERICAN CORPORATION RHODESIA

Holds Rhodesian interests of Anglo American Corporation and *Charter* groups in financial and investment companies; citrus and forestry estates; coal and nickel mines; and industrial, prospecting and property concerns.

ZAMBIAN ANGLO AMERICAN

Holds 49,98 per cent of *ZCI* which holds 49 per cent of *Nchanga Consolidated Copper Mines* and 12,25 per cent of *Roan Consolidated Mines*. Other substantial interests include *Australian Anglo American*, *Anglo American Corporation Rhodesia* and *H.D. Development*.

AUSTRALIAN ANGLO AMERICAN

Formed in 1971 by the Anglo American Corporation and *Charter* groups to continue an extensive exploration programme and take advantage of new business opportunities in the Australian mining industry.

H.D. DEVELOPMENT

Holds the Group interests in *Engelhard Minerals and Chemicals Corporation*, which refines, fabricates and markets precious metals; markets ferrous and non-ferrous ores, metals and minerals; and mines, processes and distributes non-metallic minerals.

Detailed information on the interests of the Group is given in the following pages.

Interests of the Group

The Anglo American Corporation Group has interests in a wide range of financial, mining, industrial, prospecting and other companies. The Group holds a large investment in, or a significant proportion of the issued share capital of, the following companies (* indicates subsidiary).

MINING FINANCE AND INVESTMENT

Administered within the Anglo American Corporation Group

African and European Investment Company Limited*
African Loans and Investments Limited*
Amrho Investments (Private) Limited
Anglo American Corporation Botswana Limited
Anglo American Corporation (Central Africa) Limited*
Anglo American Corporation of Canada Limited
Anglo American Corporation of South Africa (Portugal) S.A.R.L.
Anglo American Corporation Rhodesia Limited
Anglo American Investment Trust Limited
Anglo-Swazi Investments Limited*
Anglo-Thai Limited S.A.*
Ansel Holdings (Proprietary) Limited*
Appraised Securities Limited*
Australian Anglo American Limited
Blue Skies (Private) Limited*
Consolidated Mines Holdings (Rhodesia) Limited*
H.D. Development Limited*
Kalahari Investments Limited
New Central Witwatersrand Areas Limited
New Rhodesia Investments Limited*
Orange Free State Investment Trust Limited
Overseas and Rhodesian Investment Company Limited
Rand Selection Corporation Limited
Rhochar Holdings Limited*
Rhodesian Nickel Corporation Limited
Rhodesian African Mines Selection Limited*
Rhodesian African Townships Mining and Finance Corporation Limited
Routhvaal Holdings Limited
Routledge Andrews Securities Limited
Rhaton Limited*
The New Era Consolidated Limited*
The Vereeniging Estates Limited
West Rand Investment Trust Limited
Western Ultra Deep Levels Limited
Zambia Copper Investments Limited
Zambian Anglo American Limited

Administered outside the Anglo American Corporation Group

Charter Consolidated Limited
Charter France S.A.
Gold Fields of South Africa Limited
Hollardstraat-ses Beleggings (Eiendoms) Beperk
Johannesburg Consolidated Investment Company Limited
Tanganyika Concessions Limited
Transvaal Consolidated Land and Exploration Company Limited
Virginia-Merriespruit Investments (Proprietary) Limited

GOLD

Administered within the Anglo American Corporation Group

Daggafontein Mines Limited
East Daggafontein Mines Limited
Freddies Consolidated Mines Limited
Free State Geduld Mines Limited
Free State Saaiplaas Gold Mining Company Limited
Jeannette Gold Mines Limited
President Brand Gold Mining Company Limited
President Steyn Gold Mining Company Limited

The South African Land & Exploration Company Limited
Vaal Reefs Exploration and Mining Company Limited
Welkom Gold Mining Company Limited
Western Deep Levels Limited
Western Holdings Limited

Administered outside the Anglo American Corporation Group

Blyvooruitzicht Gold Mining Company Limited
Bracken Mines Limited
Buffelsfontein Gold Mining Company Limited
Doornfontein Gold Mining Company Limited
East Driefontein Gold Mining Company Limited
Elsburg Gold Mining Company Limited
Harmony Gold Mining Company Limited
Hartebeestfontein Gold Mining Company Limited
Kloof Gold Mining Company Limited
Leslie Gold Mines Limited
Lorraine Gold Mines Limited
St. Helena Gold Mines Limited
West Driefontein Gold Mining Company Limited
Western Areas Gold Mining Company Limited
Winkelhaak Mines Limited
Zandpan Gold Mining Company Limited

DIAMOND MINING AND TRADING

Administered outside the Anglo American Corporation Group

Abrasive Grit Sales Limited
De Beers Consolidated Mines Limited
Industrial Distributors (1946) Limited
Industrial Distributors (Sales) Limited
Industrial Grit Distributors (Shannon) Limited
The Diamond Purchasing and Trading Company Limited
The Diamond Trading Company Limited

COPPER AND OTHER MINING

Administered within the Anglo American Corporation Group

Bindura Smelting and Refining Company Limited
Botswana Exploration and Mining Company (Proprietary) Limited
Iron Duke Mining Company Limited
Madziwa Mines Limited
Nchanga Consolidated Copper Mines Limited
Swaziland Iron Ore Development Company Limited
Trojan Nickel Mine Limited

Administered outside the Anglo American Corporation Group

Botswana R.S.T. Limited
Cleveland Potash Limited
G. & W. Holdings (Proprietary) Limited
Hudson Bay Mining and Smelting Co. Limited
Kiln Products Limited
Ndola Lime Company Limited
Roan Consolidated Mines Limited
The Messina (Transvaal) Development Company Limited
The Northern Lime Company Limited
The South West Africa Company Limited
Tsumeb Corporation Limited

COAL

Administered within the Anglo American Corporation Group

Amalgamated Collieries of South Africa Limited
Arnot Colliery (Proprietary) Limited
Blesbok Colliery Limited
Indumeni Coal Mines Limited

Ingagane Colliery (Proprietary) Limited
 Morupule Colliery (Proprietary) Limited
 Natal Coal Exploration Company Limited
 New Largo Colliery Limited
 South African Coal Estates (Witbank) Limited
 Springbok Colliery Limited
 Springfield Collieries Limited
 The Coronation Collieries Limited
 Transvaal Coal Corporation Limited
 Vierfontein Colliery Limited
 Vryheid Coronation Limited
 Wankie Colliery Company Limited
 Witbank Coal Holdings Limited
 Zuinguin Natal Collieries Limited

Administered outside the Anglo American Corporation Group

Apex Mines Limited
 Balgray Collieries (Proprietary) Limited
 Blinkpan Koolmyne Beperk
 Coke Producers (Proprietary) Limited
 Natal Ammonium Collieries Limited
 Natal Anthracite Colliery Limited
 The Newcastle-Platberg Colliery Limited
 Umgala Colliery (Proprietary) Limited
 Witbank Colliery Limited

PLATINUM

Administered outside the Anglo American Corporation Group

Brakspuit Platinum (Proprietary) Limited
 Dithaba Platinum (Proprietary) Limited
 Lydenburg Platinum Limited
 P.G.M. Brakspuit (Proprietary) Limited
 Platinum Prospecting (Proprietary) Limited
 Union Platinum Mining Company Limited
 Waterval (Rustenburg) Platinum Mining Company Limited

PROSPECTING

Administered within the Anglo American Corporation Group

Anglo American Prospecting Company Limited*
 Anglo American Prospecting Company (South) Limited*
 Anglo American Prospecting Services (Proprietary) Limited
 Anmercosa Canadian Exploration Limited
 Anmercosa Mozambique Oil Holdings (Proprietary) Limited
 Australian Anglo American Ventures Limited
 E.M.A. Rhodesia Limited
 Kaffrarian Metal Holdings Limited
 Kimberlitic Searches Limited
 Middleridge Limited
 Mineral Ventures (Proprietary) Limited
 Prospecting Ventures Limited
 Sedge Botswana Limited
 Société Civile de Prospection de Nickel à Madagascar
 Southridge Limited
 Tuli Exploration (Proprietary) Limited
 Valley Exploration and Mining Company Limited
 Zamanglo Exploration Limited

Administered outside the Anglo American Corporation Group

Baffinland Iron Mines Limited
 Cape Verde (Proprietary) Limited
 Groupement d'Etudes du Nickel de Moramanga
 Ocean Science and Engineering Inc.
 Société Civile d'Etude et de Recherche du Minerai de Nickel à Madagascar
 Société Prospection de Nickel à Madagascar

GENERAL INVESTMENT

Administered within the Anglo American Corporation Group

Anseld (Canada) Limited*
 Compagnie Financière Eurafricaine
 Darch Investments Limited
 Epoch Investments Limited
 Euranglo (Proprietary) Limited
 Lydenburg Holdings Limited*

Administered outside the Anglo American Corporation Group

First Union General Investment Trust Limited
 Societa Nazionale Sviluppo Imprese Industriali

BANKING AND TRUST COMPANIES

Administered within the Anglo American Corporation Group

Central Reserves (Proprietary) Limited
 Central Reserves (Lusaka) Limited*
 Central Reserves (Rhodesia) (Private) Limited

Administered outside the Anglo American Corporation Group

Bahamas International Trust Company Limited
 Banco Standard-Totta de Moçambique S.A.R.L.
 Banco Totta-Standard de Angola S.A.R.L.
 British and Rhodesian Discount House Limited
 Cayman International Trust Company Limited
 Compagnie Financière de Paris et des Pays-Bas
 Founders Building Society
 National Finance Corporation of South Africa
 Rhodesian Acceptances Limited
 The Discount House of South Africa Limited
 U.D.C. Bank Limited
 Union Acceptances Holdings Limited

PROPERTY

Administered within the Anglo American Corporation Group

Anglo American Northern Properties Limited*
 Anglo American (O.F.S.) Housing Company Limited
 Anglo American Properties Limited
 Anmercosa Land and Estates Limited*
 Bay Passage Investments Limited
 Carlton Centre Limited
 C.D.L. Properties (Durban) (Proprietary) Limited
 Cecelia Park (Proprietary) Limited
 Creative Homes Limited
 Crescent Developments (Proprietary) Limited
 Exchange Buildings (Proprietary) Limited*
 Isipingo Property Investments Limited
 La Lucia Property Investments Limited
 Land Investment and Development Corporation Limited
 Muizenburg Marine Estates Limited
 Orange Free State Land and Estate Company (Proprietary) Limited
 Retail and General Properties Limited
 Sabel Developments (Proprietary) Limited
 Umhlanga Beach Investments (Proprietary) Limited

Administered outside the Anglo American Corporation Group

Mainplace Holdings Limited
 Prestin (Proprietary) Limited

INDUSTRIAL AND COMMERCIAL

Members of the Anglo American Corporation Group

Finance and investment
 Anglo American Industrial Corporation Limited
 Cashew Investments Limited

Forest Industries and Veneers Limited
Mainstraat Beleggings (1965) (Eiendoms) Beperk
Zamanglo Industrial Corporation Limited

Agriculture and forestry
Dawn Orchards Limited
Debshan Ranches (Private) Limited
Eastern Transvaal Timber Company (Proprietary) Limited
Farmplan Limited
Mazoe Citrus Estates
Peak Timbers Limited
Rhodes Fruit Farms Limited
R.N.F.E. (Private) Limited
Simoonia Estates Limited
Soetvelde Farms Limited

Building construction and related industries
African Products Limited
Contractual Holdings Limited
Stone and Allied Industries (O.F.S.) Limited

Food and sugar
Newhurst Fresh Foods Limited
Hippo Valley Estates Limited
Industrias de Caju, Antenes S.A.R.L.
Industrias de Caju Mocita Limitada

Iron, steel, engineering and related industries
C.I. (Proprietary) Limited
Highveld Steel and Vanadium Corporation Limited
South Metals Limited
Transalloys (Proprietary) Limited
Cullinan Refractories Limited
African Products Limited

Motor and transport
Steel and Hard Metal Products S.A. Limited
Steel Drilling and Contracting Limited
Boart International Luxembourg S.A.H.
Boart Associated Industries (Proprietary) Limited
Steel Drilling Company Limited
Steel Drilling Limited
Industria Industrial Limitada
Steel Metals Canada Limited
Steel Metals Limited
Steel Power Works (Proprietary) Limited
Steel Paper Company Limited
Rockbite Products Limited
Shaft Sinkers (Proprietary) Limited
Shannon Diamond and Carbide Limited
Trochem (Proprietary) Limited
Ultra High Pressure Units Limited
Ultra High Pressure Units (Ireland) Limited

Other industrial and commercial interests
Finance and investment
Afex Holdings Limited
Barlow Rand Limited
De Beers Industrial Corporation Limited
Agriculture and forestry
Border Forests (Rhodesia) Limited
Mining Timbers Limited
Beverages and hotels
Northern Breweries Limited
The Ridgeway Hotel Limited
The South African Breweries Limited
Building, construction and related industries
Bruynzeel Plywoods Limited
L.T.A. Limited
Premier Portland Cement Company (Rhodesia) Limited
Zambia Clay Industries Limited

Food and sugar
African Products Manufacturing Company Limited
Huletts Corporation Limited
Oranje Koelkamers Beperk
The Rhodesian Milling Company (Private) Limited
Tiger Oats and National Milling Company Limited

Iron, steel, engineering and related industries
Cullinan Refractories Limited
Haggie Rand Limited
Hall, Longmore and Company Limited
International Pipe and Steel Investments S.A. (Proprietary) Limited
Lenning Holdings Limited
Middelburg Steel and Alloys (Proprietary) Limited
Rheem South Africa (Proprietary) Limited
Rhodesian Alloys (Private) Limited
Stewarts and Lloyds of South Africa Limited
The Rhodesian Iron and Steel Company Limited
Union Carriage and Wagon Company Limited
Union Steel Corporation (of South Africa) Limited

Motor and transport
Atkinson Oates Motors Limited
Illings (Proprietary) Limited
McCarthy-Main Holdings Limited
McCarthy Rodway Limited
United Transport Holdings Limited

Sundry
African Explosives and Chemical Industries Limited
Chemical Holdings Limited
Duroplastic Penta Industries (Proprietary) Limited
J. L. Clark and Company Limited
South African Board Mills Limited
Stafford Mayer Company South Africa Limited

Textiles
Industex Limited
Ropes and Mattings Holdings Limited
South African Nylon Spinners (Proprietary) Limited

SUNDRY COMPANIES

Administered within the Anglo American Corporation Group
Anglo American Corporation Management and Services A.G.*
Anglo American Corporation Services Limited*
Anglo American Gold Development Company Limited
Anglo American International (U.K.) Limited*
Anglo American International Services (Proprietary) Limited*
Anglo American Rhodesian Development Corporation Limited
Anglo American (Rhodesian Services) Limited*
Anglo Botswana Services (Proprietary) Limited*
Anglo Charter International Services Limited
Anmercusa Computer Services Limited*
Anmercusa Overseas Service (U.K.) Limited*
Anmercusa Sales Limited
Anmersales A.G.
Australian Anglo American Services Limited*

Administered outside the Anglo American Corporation Group
Ansa Petroleum Beperk
Computer Sciences Sigma Limited
Consolidated Share Registrars Limited
Copperbelt Power Company Limited
C.T. Bowring and Associates Holdings (South Africa) Limited
Ewing MacDonald and Company Limited
Freight Services Holdings Limited
Gallo (Africa) Limited
Swaziland Development Corporation





Grooving a section of the Paris autoroute with diamond saws, so that surface water can flow away. For this growing application of industrial diamonds De Beers has developed Debdust, an improved type of natural diamond grit

Finance and investment

The Corporation has indirect interests in a large number of companies through its shareholdings in finance and investment companies. Particulars of the principal finance and investment companies in which the Corporation holds shares and which are administered within the Anglo American Corporation Group are given below, together with the more important finance and investment companies with which the Corporation is closely associated but which are administered outside the Group.

Administered within the Anglo American Corporation Group

Anglo American Corporation of Canada Limited

The company was established in 1966 to consolidate the bulk of the Canadian assets of the Anglo American Corporation, De Beers and Charter Consolidated groups. These include both direct and indirect investments in copper, zinc, cadmium, gold, silver, potash and uranium mining, chemical, crude oil and natural gas production, road, rail and sea transportation, land development and prospecting operations.

At 31st December 1971 the company's principal investments were as follows:

	No. of shares	Per-centage
Hudson Bay Mining and Smelting Co. Limited	2 530 671	27,99
Francona Development Corporation Limited	400 000	40,00
Agnew Lake Mines Limited	150 001	10,00
The White Pass and Yukon Corporation Limited	494 985	26,22
Great Northern Capital Corporation Limited	606 750	24,56
Year ended 31st December 1971.		
Issued capital stock: \$86 085 450 in 8 429 545 shares of no par value.		
Total shareholders' equity (consolidated): \$95 427 931.		
	1971	1970
Market value of quoted investments	\$75 279 293	\$74 446 398
Book cost of quoted investments	\$87 224 221	\$86 136 595
Book cost of unquoted investments	\$14 499 098	\$24 228 239
Net asset value per share	\$9,88	\$10,06
Income before taxation	\$1 223 470	\$902 975
Provision for taxation	\$50 317	*\$3 672
Net income	\$1 173 153	\$906 647
Earnings per share	13,9c	10,8c
Dividends:		
Amount paid	\$2 528 864	\$3 371 818
Per share	30c	40c

*Taxation recovery.

All amounts expressed in Canadian currency.

Anglo American Corporation Rhodesia Limited

The company, in conjunction with certain other Rhodesian group companies, holds the Rhodesian interests of the Anglo American Corporation and Charter Consolidated groups and has a widely diversified portfolio of Rhodesian-based investments which provide the major part of its income by way of dividends. Its major investments include coal, nickel and copper mining, iron, steel, ferro-chrome and allied industries,

citrus, sugar, general agriculture, forestry and timber processing, milling, rolling stock hire, property, merchant-banking and investment finance. In addition it has a substantial participation in the Corporation's prospecting programme in Rhodesia.

Year ended 30th June 1971.

Issued capital: \$7 088 651,50 in shares of 50 cents each.

Total equity capital and reserves: \$42 117 124.

	1971	1970
Market value of quoted investments	\$18 112 955	\$15 660 418
Book cost of quoted investments	\$9 330 546	\$8 290 563
Book cost of unquoted investments	\$30 364 322	\$29 419 732
Profit after taxation	\$2 118 620	\$1 977 587

All amounts expressed in Rhodesian currency.

Anglo American Industrial Corporation Limited

The company was formed to consolidate the industrial holdings of the Anglo American Corporation Group and plays an active role in the provision of capital for industrial projects. The company's shares were granted a quotation on The Stock Exchange, London on 1st October 1971.

Year ended 31st December 1971.

Issued capital: R20 452 056 in 20 452 056 ordinary shares of R1 each.

In terms of the conditions of issue, 2 697 000 deferred 'A' shares automatically became ordinary shares of R1 each, fully paid, with effect from 1st November 1971.

Share capital and reserves (consolidated): R154 708 000.

	18 months ended 31st December 1971	1970
Fixed assets, property, etc. (less depreciation)	R38 772 000	R36 688 000

Net premium on acquisition of subsidiaries R35 158 000 | R35 556 000 |

Market value of quoted investments R58 004 000 | R58 266 000 |

Book cost of quoted investments R50 299 000 | R50 950 000 |

Book cost of unquoted investments R32 666 000 | R32 335 000 |

Net asset value per share R7,94 | R7,76 |

Consolidated profit before taxation R16 639 000 | R29 257 000 |

Taxation R5 245 000 | R9 520 000 |

Consolidated profit after taxation and deduction of minority interests R9 462 000 | R15 452 000 |

Earnings per ordinary share 46,3c | 87,0c |

Dividends:

Ordinary:

Amount paid R6 753 000 | R8 877 000 |

Per share 35c | 50c |

At 31st December 1971 the company's principal investments were as follows:

	No. of shares	Per-centage
Quoted investments		
BUILDING AND ALLIED INDUSTRIES		
LTA Limited—ordinary shares	1 000 000	19,26
—preference shares	5 392 437	50,96

	No. of shares	Per-centage
IRON, STEEL, ENGINEERING AND RELATED INDUSTRIES		
Barlow Rand Limited	1 100 000	1,30
Highveld Steel and Vanadium Corporation Limited	4 252 800	7,55
Stewarts and Lloyds of South Africa Limited	1 102 449	4,89
The Union Steel Corporation (of South Africa) Limited	3 800 000	13,10
Vereeniging Refractories Limited	786 000	15,72
CHEMICAL FINANCE		
De Beers Industrial Corporation Limited	2 900 000	26,36
PAPER AND PACKAGING		
South African Board Mills Limited	921 608	10,15
Stafford Mayer Company South Africa Limited	1 780 192	23,73
BEVERAGES		
The South African Breweries Limited	3 750 000	2,69
7 per cent debentures	R85 000	—
FOOD AND PRODUCE		
African Products Manufacturing Company Limited	323 500	8,90
Hulett's Corporation Limited	1 035 300	5,07
TEXTILES		
Ropes and Mattings Holdings Limited	751 900	9,82
Unquoted investments		
IRON, STEEL, ENGINEERING AND RELATED INDUSTRIES		
J.L. Clark and Company Limited	180 001	20,00
Haggie Rand Limited	44 000	3,08
*International Pipe and Steel Investments S.A. (Proprietary) Limited—'C' shares	3 757 426	5,33
Lenning Holdings Limited	2 000 000	23,84
Mainstraat Beleggings (1965) (Eiendoms) Beperk	228 125	12,50
Middelburg Steel and Alloys (Proprietary) Limited—'S' shares	650 000	3,55
Rheem South Africa (Proprietary) Limited—'B' shares	375 000	30,00
—'C' shares	66 176	5,30
Shaft Sinks (Proprietary) Limited	100	5,00
Union Carriage and Wagon Company Limited	33 996	0,42
Zinc Products Limited	67 950	45,00
*This company holds 51 per cent of the issued capital of Stewarts and Lloyds of South Africa Limited.		
	No. of shares	Per-centage
MOTOR		
McCarthy-Main Holdings Limited	1 410	25,00
PULP AND PAPER		
Mondi Paper Company Limited	4 744 438	21,57
PROPERTY DEVELOPMENT		
Isipingo Property Investments Limited	500	25,00
Terminal Properties (South Africa) Limited	40	40,00
Vansteel Estates (Proprietary) Limited	7	7,00
TEXTILES		
Industex Limited	1 273 217	37,45
TRANSPORT		
Freight Services Holdings Limited	232 153	19,27
Swaziland United Transport Limited	41 667	25,00

	<i>No. of shares</i>	<i>Per- centage</i>
United General and Financial Investments Limited	25 000	25,00
United Transport Holdings Limited	836 331	25,00
Subsidiary companies (wholly-owned)		
Boart and Hard Metal Products S.A. Limited		
Marabou Investments Limited		
Orange Free State Land and Estate Company (Proprietary) Limited		
Scaw Metals Limited		

Anglo American Investment Trust Limited

An investment company with shareholdings in De Beers Consolidated Mines Limited and certain diamond trading companies.

Year ended 31st December 1971.

Issued capital: R10 000 000 in 10 000 000 ordinary shares of 50 cents each and 2 500 000 six per cent cumulative preference shares of R2 each.

Share capital and reserves: R35 212 000.

	1971	1970
Market value of quoted investments	R432 119 000	R364 046 000
Book cost of quoted investments	R36 485 000	R36 397 000
Book cost of unquoted investments	R2 742 000	R1 803 000
Net asset value per ordinary share	R42,58	R35,73
Profit after taxation		
Dividend	R16 551 000	R14 763 000
Earnings per ordinary share	165c	148c
Dividends		
Ordinary		
Amount paid per share	R16 000 000	R14 500 000
	160c	145c
Company's investments at 31st December 1971 are as follows:		

	<i>No. of shares</i>	<i>Per- centage</i>
Aggressive Grit Sales Limited—shares	21 600	12,00
Anglo American Industrial Corporation Limited—ordinary shares	590 625	2,89
De Beers Consolidated Mines Limited—deferred shares	92 520 140	25,93
The Diamond Purchasing and Trading Company (Proprietary) Limited	419 411	16,78
The Diamond Trading Company Limited	222 009	22,20
Industrial Distributors (1946) Limited—ordinary shares	330 000	13,20
Industrial Distributors (1946) Limited—five per cent cumulative participating preference shares	150 000	30,00
Industrial Grit Distributors (Shannon) Limited	28 000	15,55

Anglo American Rhodesian Development Corporation Limited

The company's main source of income is the hiring of rolling stock, originally purchased for \$15,6 million (Rhodesian), to the Rhodesia Railways under long-term lease arrangements. In addition, it administers as independently operating divisions, the Mazoe Citrus estates near Salisbury and substantial forestry estates in the Eastern Highlands.

Mainstraat Beleggings (1965) (Eiendoms) Beperk

The company was formed in 1965 by Anglo American Corporation and the Federale Mynbou/General Mining group for the purpose of investing principally in the fields of engineering and heavy industry. The company has an interest in the equity of Highveld Steel and Vanadium Corporation Limited and International Pipe and Steel Investments South Africa (Proprietary) Limited and large shareholdings in Hall, Longmore and Company Limited and in Union Carriage and Wagon Company Limited.

New Rhodesia Investments Limited

This company is a wholly-owned Rhodesian subsidiary of the Corporation and in turn owns the entire issued capitals of five other Rhodesian companies, Anglo American Corporation Services Limited, Anglo American (Rhodesian Services) Limited, Appraised Securities Limited, Blue Skies (Private) Limited and Consolidated Mines Holdings (Rhodesia) Limited. The group holds a participation in the recently developed nickel mines at Bindura and Shamva and, in addition, has interests in many other Rhodesian and South African companies, both quoted and unquoted.

Orange Free State Investment Trust Limited

A financial company with major shareholdings in gold mining companies in the Orange Free State and various financial and other companies.

Year ended 31st December 1971.

Issued capital: R10 943 406 in ordinary shares of R1 each.

Share capital and reserves: R62 257 790.

	1971	1970
Market value of quoted investments	R111 106 000	R117 094 000
Book value of quoted investments	R47 142 000	R46 743 000
Net asset value per share	R11,53	R11,82
Profit after taxation	R11 931 000	R12 029 000
Earnings per share	109c	110c
Dividends:		
Amount paid per share	R8 754 000	R8 481 000
	80,0c	77,5c

At 31st December 1971 the company's shareholdings were as follows:

	<i>No. of shares</i>	<i>Per- centage</i>
Gold producing		
Free State Geduld Mines Limited	2 100 000	21,00
Harmony Gold Mining Company Limited	1 800 000	10,00
Kloof Gold Mining Company Limited	160 000	—
Loraine Gold Mines Limited	2 400 000	14,94
President Brand Gold Mining Company Limited	2 808 000	20,00
President Steyn Gold Mining Company Limited	3 000 000	21,43
St. Helena Gold Mines Limited	1 925 000	20,00
Welkom Gold Mining Company Limited	2 450 000	20,00
West Driefontein Gold Mining Company Limited	10 000	0,07
Western Holdings Limited	1 575 000	21,01
Gold developing		
East Driefontein Gold Mining Company Limited	708 861	1,50

	<i>No. of shares</i>	<i>Per- centage</i>
Financial		
Anglo American Industrial Corporation Limited	39 169	0,19
Gold Fields of South Africa Limited	216 733	1,34
Sentrust Beperk	40 000	—
Southvaal Holdings Limited:		
Ordinary	854 062	10,75
Options	854 062	—
Witwatersrand Deep Limited	30 500	2,18

Property

Carlton Centre Limited—8½ per cent fully paid first mortgage convertible debentures 1979/96 R1 000 000 —

Other

Cape Verde (Proprietary) Limited 10 —
Jeannette Gold Mines Limited 1 500 000 25,00

The directors of the company (OFSIT) and of West Rand Investment Trust Limited (WRIT) recently agreed that by means of a Scheme of Arrangement, members of OFSIT should receive one new ordinary share in WRIT in place of each existing share in OFSIT, and that consequently OFSIT would become a wholly-owned subsidiary of WRIT.

These proposals are subject to:

- members of OFSIT approving the Scheme of Arrangement and, if approved, to the subsequent sanction of the scheme by the Court;
- members of WRIT approving of an increase in the capital of that company to provide sufficient new ordinary shares for issue to the members of OFSIT.

Rand Selection Corporation Limited

A financial and investment company with shareholdings in financial, gold, diamond, copper and other base metals, coal, platinum, industrial and land and estate companies.

Year ended 30th September 1971.

Issued capital: R17 017 682,50 in 34 035 365 ordinary shares of 50 cents each fully paid.

Total share capital and reserves (consolidated):

	1971	1970
R186 536 000.		
Market value of quoted investments*	R364 650 000	R463 529 000
Book cost of quoted investments	R150 752 000	R150 058 000
Book cost of unquoted investments	R68 009 000	R65 219 000
Net asset value per share**	R10,74	R12,96
Consolidated profit before taxation	R21 634 000	R21 994 000
Taxation	R397 000	R266 000
Consolidated profit after taxation and deduction of minority interests	R21 040 000	R21 540 000
Earnings per share	61,8c	63,3c

Loan capital at 30th September 1971:

6½ per cent convertible loan 1986 (US\$30 million)	R21 288 000
10 per cent unsecured registered debentures 1983/97	R30 000 000
5½ per cent registered notes 1963/72	R292 000
Loans for investment abroad	R7 927 000
	<u>R59 507 000</u>

	1971	1970
Dividends:		
Amount paid	R14 465 000	R14 465 000
Per share	42,5c	42,5c
<i>*Includes the company's share in the interest in Charter Consolidated held through Rhochar Holdings Limited, an unquoted company.</i>		
<i>**Including quoted investments at market value less minority interests in subsidiary companies.</i>		
At 30th September 1971 the investments of the company and its subsidiaries were spread as follows:		
	<i>*Market</i>	
	<i>value at 30th</i>	<i>Per-</i>
	<i>September 1971</i>	<i>centage</i>
Finance	R136 295 000	33,04
Diamonds	R53 587 000	12,99
Investments—gold mining	R55 495 000	13,45
Gold mines	R60 482 000	14,66
Platinum	R3 068 000	0,74
Companies principally interested in copper and other base metals	R17 132 000	4,15
Coal	R11 845 000	2,87
Industrial	R63 009 000	15,28
Land, estate and sundry	R11 569 000	2,82
	<u>R412 482 000</u>	<u>100,00</u>

**Unquoted investments at book cost with the exception of Rhochar Holdings Limited which has been included at the market value of the underlying Charter Consolidated shares held by that company.*

To replace, with long-term finance, certain short-term loans advanced by Anglo American Corporation and to provide for the further expansion of the company's interests particularly in respect of its right of participation in new business undertaken by Anglo American Corporation, the company issued on 1st February 1971 R30 million 10 per cent unsecured registered debentures of R1 each, 1983/97, fully paid.

In February 1971 the company also raised a convertible Eurodollar US\$30 million loan repayable in 1986. Each bond of \$1 000 is convertible at any time between 1st September 1971 and 31st January 1986 at R11,75 per share and at an exchange rate of R1=US\$1,40. The proceeds were used primarily to repay on 14th June 1971 the balance of US\$25 million (R17 850 000) due on the guaranteed unsecured registered debentures of US\$30 million raised in 1961.

Rhodesian Nickel Corporation Limited

The company owns the entire share capitals of Trojan Nickel Mine Limited, Madziwa Mines Limited and Bindura Smelting and Refining Company Limited. The subsidiaries mine and refine nickel and copper in the Bindura/Shamva district in Rhodesia.

Year ended 31st March 1971.

Issued capital: \$12 000 000 in 24 000 000 ordinary shares of 50 cents each.

	1971	1970
Profit before taxation	\$3 568 000	\$3 125 000
Taxation	\$9 000	\$20 000
Profit after taxation	\$3 559 000	\$3 105 000
Dividends:		
Amount paid	\$1 920 000	\$1 200 000
Per share	8c	5c

All amounts expressed in Rhodesian currency.

South African Townships Mining and Finance Corporation Limited

A finance, investment and property-holding company. Year ended 30th September 1971.

Issued capital: R4 800 000 in shares of R1 each. 92,9 per cent held by Rand Selection Corporation at 30th September 1971.

Share capital and reserves (consolidated): R14 178 000.

	1971	1970
Market value of quoted investments	R22 955 000	R24 030 000
Book cost of quoted investments	R5 977 000	R5 189 000
Book cost of unquoted investments	R878 000	R1 691 000
Net asset value per share	R6,49	R6,62
Consolidated profit before taxation	R3 099 000	R2 800 000
Taxation	R394 000	R262 000
Consolidated profit after taxation and deduction of minority interests	R2 705 000	R2 530 000
Earnings per share	56,2c	52,7c
Dividends:		
Amount paid	R1 440 000	R1 344 000
Per share	30c	28c

At 30th September 1971 the investments of the company and its subsidiaries were spread as follows:

	<i>*Market</i>	
	<i>value at 30th</i>	<i>Per-</i>
	<i>September 1971</i>	<i>centage</i>
Diamonds	R3 142 000	13,18
Investment—gold mining	R12 392 833	52,00
Gold mines	R4 591 597	19,26
Base metals and platinum	R837 984	3,52
Industrial finance	R738 118	3,10
Land and estate**	R2 131 119	8,94
	<u>R23 833 651</u>	<u>100,00</u>

**Unquoted investments at book cost.*

***This excludes the group's direct holdings in property and township development.*

Southvaal Holdings Limited

Year ended 31st December 1971.

Issued capital: R7 280 327,50 in 14 560 655 ordinary shares of 50 cents each, fully paid. There are 6 439 345 options outstanding, each entitling the holder to subscribe for one Southvaal share at par at any time up to 31st December 1972.

Following acceptance of the plan to rationalise and expand mining operations in the Orkney area, the following arrangements came into effect on 20th September 1971:

(i) Western Holdings Limited undertook to cede to Southvaal Holdings the new mining lease which the State has agreed to grant over an area immediately to the west of the Vaal Reefs South area, in exchange for 1 000 000 Southvaal shares, credited as fully paid. Southvaal Holdings in turn agreed to cede this lease to Vaal Reefs Exploration and Mining Company Limited to be mined conjointly with and on the same terms as the existing Vaal Reefs South area.

(ii) Southvaal Holdings issued to Vaal Reefs 5 000 000 Southvaal shares, credited as fully paid, in consideration for the limitation of Southvaal Holdings' obligation to provide loans for the opening up of the area south of the Vaal River to a maximum of R10 000 000.

Southvaal Holdings' interest in the area south of the Vaal has therefore been improved by virtue of the fact that its right to receive 60 per cent of the profits now applies to an enlarged area which is to be mined at a higher rate than originally contemplated, while its obligation to contribute towards the capital required for opening up the area has been reduced.

The Vereeniging Estates Limited

The company owns property, mineral and coal rights in the districts of Vereeniging, Transvaal, and Heilbron, Orange Free State. In addition, the company has substantial investments in a number of coal mining, industrial and other companies.

Year ended 31st December 1971.

Issued capital: R5 500 000 in stock units of R2 each.

Capital and reserves (consolidated): R71 449 000.

	1971	1970
Fixed assets, property, etc.	R48 335 000	R46 352 000
Net premium on acquisition of subsidiaries	R2 117 000	R2 117 000
Market value of quoted investments	R5 475 000	R6 049 000
Book cost of quoted investments	R4 569 000	R5 094 000
Book cost of unquoted investments	R3 984 000	R3 472 000
Book cost of trade investments	R2 395 000	R2 472 000
Net asset value per unit of stock	R17,90	R16,86
Consolidated profit before taxation	R10 724 000	R11 835 000
Taxation	R3 112 000	R3 372 000
Profit on realisation of investments	R586 000**	R41 000
Consolidated profit after taxation and deduction of minority shareholders' interests	R4 891 000	R5 544 000
Earnings per unit of stock	178c	202c
Dividends:		
Amount paid	R3 025 000	R3 025 000
Per unit of stock	110c	110c

The principal investments of the company and its wholly-owned subsidiary, V.E. Exploration and Finance Company Limited, at 31st December 1971 were as follows:

Coal

*Amalgamated Collieries of South Africa Limited (and its subsidiary Springfield Collieries Limited)
Arnot Colliery (Proprietary) Limited

*Blesbok Colliery Limited

Blinkpan Koolmyne Beperk

Ingagane Colliery (Proprietary) Limited

Morupule Colliery (Proprietary) Limited

Natal Coal Exploration Company Limited

South African Coal Estates (Witbank) Limited

*Springbok Colliery Limited

*The Coronation Collieries Limited

(and its subsidiary Vryheid Coronation Limited)

Transvaal Coal Corporation Limited

*Witbank Coal Holdings Limited

Zuinguin Natal Collieries Limited

Finance

Anglo American Industrial Corporation Limited

Agriculture and industry

Soetvelde Farms Limited

*Vereeniging Refractories Limited.

**Subsidiary companies.*

***Not included in profits after tax; transferred to capital reserve.*

West Rand Investment Trust Limited

A financial company with major shareholdings in gold and gold-uranium mining companies in the western Transvaal.

Year ended 31st December 1971.



Picking tobacco on a section of the 25 000 hectare farm that Zamanglo Industrial Corporation is developing near Lusaka. Production of maize—in the background—is planned ultimately to reach 500 000 bags a year

Issued capital: 11 008 606 ordinary shares of R1 each.		
6 000 000 7½ per cent redeemable cumulative preference shares of R1 each.		
Share capital and reserves: R51 647 538.		
	1971	1970
Market value of quoted investments	R132 837 000	R134 396 000
Book value of quoted investments	R54 691 000	R47 508 000
Book value of unquoted investments	R296 000	R295 000
Net asset value per ordinary share	R11,25	R11,87
Profit after taxation and preference dividend	R7 320 000	R7 060 000
Earnings per ordinary share	66c	64c
Dividends (ordinary):		
Amount paid	R5 504 000	R5 229 000
Per share	50c	47,5c

At 31st December 1971 the company held shares in the following companies:

	No. of shares	Percentage
Gold producing		
Blyvooruitzicht Gold Mining Company Limited	1 700 000	7,08
Buffelsfontein Gold Mining Company Limited	2 000 000	18,18
Doornfontein Gold Mining Company Limited	650 000	6,61
Elsburg Gold Mining Company Limited	350 000	1,11
Hartebeestfontein Gold Mining Company Limited	1 700 000	18,89
Kloof Gold Mining Company Limited (ordinary)	2 500 000	8,26
Libanon Gold Mining Company Limited	100 000	1,26
Stilfontein Gold Mining Company Limited	10 000	—
Vaal Reefs Exploration and Mining Company Limited	3 060 000	16,10
Venterspost Gold Mining Company Limited	50 000	1,02
West Driefontein Gold Mining Company Limited	2 000 134	14,20
Western Areas Gold Mining Company Limited	1 050 000	5,08
Western Deep Levels Limited	3 200 000	12,80
Zandpan Gold Mining Company Limited	1 653 700	12,70

Gold developing		
East Driefontein Gold Mining Company Limited	4 500 000	9,49

Financial		
Ellaton Gold Mining Company Limited	59 000	7,49
Gold Fields of South Africa Limited	1 560 000	9,62
Western Ultra Deep Levels Limited	434 400	28,96

Prospecting		
Boskop Areas (West Wits) Limited ordinary shares (95 per cent paid up)	7 200	2,40

The directors of the company (WRIT) and of Orange Free State Investment Trust Limited (OFSIT) recently agreed that by means of a Scheme of Arrangement, members of OFSIT should receive one new ordinary share in WRIT in place of each existing share in OFSIT, and that consequently OFSIT would become a wholly-owned subsidiary of WRIT.

- These proposals are subject to:
- (i) members of OFSIT approving the Scheme of Arrangement and, if approved, to the subsequent sanction of the scheme by the Court;
 - (ii) members of WRIT approving of an increase in the capital to provide sufficient new ordinary shares for issue to the members of OFSIT.

Zambia Copper Investments Limited

The company was formed in Bermuda in November 1969. In 1970 the company acquired 49 per cent of the equity of Nchanga Consolidated Copper Mines Limited (NCCM), 12,25 per cent of the equity of Roan Consolidated Mines Limited, and the company also holds 178 698 992 units of Zambia Industrial and Mining Corporation Limited (Zimco) 6 per cent loan stock 1982 and 27 603 200 units of Zimco 6 per cent bonds 1978, as well as substantial interests in a number of prospecting companies and developing copper mines in Zambia.

Year ended 30th June 1971.
Issued capital: *BD\$28 790 367,84 in 119 959 866 ordinary shares of 24 Bermudian cents each.
Total share capital and reserves: £114 235 000.

Investments:		1971
(a) Unquoted, at cost		£74 869 000
(b) Quoted:		
At cost		£13 828 000
Market value		£11 269 000
(c) Zimco loan stock 1982:		
Unquoted, at cost		£70 068 000
(d) Zimco bonds 1978:		
Quoted:		
At cost		£10 665 000
Market value		£7 729 000
Net asset value per share		95p
Profit before taxation		£14 011 000
Provision for income tax		£32 000
Profit after taxation		£13 979 000
Unappropriated profit, 1st July 1970		£5 476 000
Dividends:		
Amount paid		£18 414 000
Per share		15,417p

**Following the acquisition by the Government of the Republic of Zambia of a 51 per cent interest in the mining undertaking of The Zambia Broken Hill Development Company Limited (Broken Hill) the company allotted and issued, on 30th July 1971, a further 2 600 000 ordinary shares of 24 Bermudian cents each, credited as fully paid. The issued capital was accordingly increased to BD\$29 414 367,84 in 122 559 866 ordinary shares of 24 Bermudian cents each.*

Zambian Anglo American Limited

The company was re-incorporated in Bermuda on 26th June 1970 following completion of the arrangements whereby the Government of the Republic of Zambia acquired with effect from 1st January 1970 a 51 per cent interest in the copper-mining undertakings in Zambia of the Anglo American Corporation and Roan Selection Trust Groups.

At 30th June 1971 the company held the following major investments:

Company	Percentage interest
(i) Zambia Copper Investments Limited—ordinary shares	49,98
(ii) Zamanglo Holdings Limited	100,00
(iii) Zamanglo Industrial Corporation Limited (which holds the company's industrial and agricultural investments in Zambia)	100,00
(iv) Anglo American Corporation of Rhodesia Limited (which holds a widely diversified	

portfolio of Rhodesian-based investments)	47,00
(v) Australian Anglo American Limited	30,00*

**Subsequent to 30th June 1971 this interest was vested in a new wholly-owned subsidiary registered in Australia—Zamanglo Australia Proprietary Limited.*

Consequent upon the implementation of the Zambia Broken Hill scheme whereby the Government of the Republic of Zambia acquired a 51 per cent interest in the mining undertaking of The Zambia Broken Hill Development Company Limited, Zamanglo acquired a further 316 181 ordinary shares in Zambia Copper Investments (ZCI). This acquisition, together with the ZCI ordinary shares previously held by Zamanglo, brought its total holding to 61 253 740 shares, representing 49,98 per cent of the issued equity capital of ZCI.

The company, through a wholly-owned subsidiary, Zamanglo Holdings Limited, holds the following ZCI loan stocks:

- (i) 84 162 369 units of six per cent loan stock 1982.
 - (ii) 18 526 477 units of six per cent loan stock 1978.
- Period 26th June 1970 to 30th June 1971.
Issued capital: BD\$44 336 458,60 in 31 668 899 shares of BD\$1,40 each.
Total share capital and reserves (consolidated): £50 824 000.
Loan capital: Six per cent registered loan stock £1 888 000.

Investments:		Period to 30th June 1971
Quoted:		
ZCI—ordinary shares:		
Book value		£16 566 000
Market value		£25 420 000
ZCI—loan stocks 1982 and 1978:		
Book value		£10 120 000
Market value		£22 070 000
Other companies:		
Book cost		£220 000
Market value		£115 000
Unquoted, at cost		£12 748 000
Loans, less amounts written off		£4 156 000
Investments in subsidiary companies not consolidated, at cost		£181 000
Shares		£76 000
Loans		£105 000

Consolidated profit before taxation	£14 068 000
Provision for foreign taxation	£134 000
Consolidated profit after taxation	£13 934 000
Dividends:	
Amount paid	£12 667 000
Per share	40p

Administered outside the Anglo American Corporation Group

Barlow Rand Limited (formerly Thos. Barlow & Sons Limited)

With effect from 1st June 1971, Thos. Barlow and Sons Limited acquired the entire issued capital of Rand Mines Limited under a Scheme of Arrangement, and the name of the company was changed to Barlow Rand Limited on 28th June 1971.

In terms of the Scheme of Arrangement, the entire issued capital of Rand Mines, comprising 3 400 000 ordinary shares, was acquired in exchange for the allotment of 20 400 000 Barlow ordinary shares of 10 cents each, i.e. on the basis of six Barlow ordinary shares for each Rand Mines share.

The Barlow Rand group of companies, has interests in a wide range of activities, including gold, uranium,

coal, platinum and chrome mining, steel and non-ferrous metals, investment companies, property development, earthmoving machinery, timber and building supplies, motor vehicles, heavy engineering, household appliances and radios, packaging and printing, mechanised handling equipment, engineering supplies and electronics components.

Members of the Barlow Rand group now include Rand Mines Holdings Limited, The Corner House Investment Company Limited and Rand Mines Properties Limited. In addition Barlow Rand has a partial interest in Barsab Investment Trust Limited.

ended 30th September 1971.

Capital: R9 153 882 in 375 000 6 per cent cumulative preference shares of R2 each and 24 ordinary shares of 10 cents each.

Share capital and reserves (consolidated): R8 000.

	*1971	1970
Market value of fixed assets	R45 439 000	R33 201 000
Book cost of quoted investments	R47 338 000	R853 000
Book cost of unquoted investments	R29 332 000	R853 000
Directors' valuation of unquoted investments	R31 933 000	R17 336 000
Fixed assets (less depreciation)	R26 357 000	R21 212 000
Net asset value per share	R9 131 000	R7 913 000
Profit after taxation, deduction of minority shareholders' interests, and pre-acquisition profits of subsidiaries	R16 470 000	R12 733 000
Earnings per ordinary share	19,5c	20,5c
Dividends (gross):	R45 000	R45 000
Amount paid per share	R8 007 000	R5 579 000
	10,5c	9c

* Rand Mines results for four months only.

a major potash mine in Yorkshire which is scheduled to commence production in 1973. Charter holds 60,5 per cent of the equity in The Cape Asbestos Company Limited, the principal business of which consists of the mining of asbestos fibre in South Africa and the manufacture of building, insulation and friction materials, and light engineering products, in the United Kingdom, South Africa and Continental Europe.

On the Continent of Europe, Charter's investments include a 44,3 per cent interest in Beralit Tin and Wolfram Limited, a company which mines tin and wolfram in Portugal.

In North America, Charter has a 24,7 per cent interest in Anglo American Corporation of Canada Limited, a mining finance company which has a 28,0 per cent interest in Hudson Bay Mining and Smelting Co. Limited, a company engaged in copper and zinc production with interests in oil and gas and die-casting. Charter and the Anglo American Corporation Group hold 30 per cent of the common stock of Engelhard Minerals and Chemicals Corporation. Charter also holds 43,6 per cent of Western Decalta Petroleum Limited which is engaged in the exploration for, and production of, oil and gas.

South African investments include a 10 per cent holding in Anglo American Corporation of South Africa Limited, a 10 per cent holding in Union Corporation Limited and 20,4 per cent in Transvaal Consolidated Land and Exploration Company Limited. As a result of the merger between Rand Mines Limited and Thos. Barlow and Sons Limited in June 1971, Charter exchanged its holding of 539 880 (15,9 per cent) shares in Rand Mines Limited for 3 239 280 shares in the enlarged company, Barlow Rand Limited.

In Zaire, Charter and associated companies have an interest of approximately 28 per cent in a consortium exploring for copper and other minerals over extensive areas in the Shaba Province and which is also carrying out confirmatory drilling and a feasibility study of important known copper occurrences in the Tenke-Fungurume area. Results to date have indicated extensive reserves of high-grade copper and cobalt ore; however, feasibility work will not be completed before the end of 1972. Serious delays have been encountered in building-up production at the Société Minière de Mauritanie copper mine at Akjoujt, in which Charter has a 33,5 per cent interest, but an extensive modification programme is nearing completion and it is hoped that a production rate of approximately 30 000 tons will be achieved during the second half of 1972. In Zambia, Charter has a 50,0 per cent interest in the National Milling group. Negotiations are being conducted with Indeco Limited, the Zambian Government's industrial holding company, for the purchase by Indeco of 51 per cent of Charter's investment in that group.

Charter has interests in Tronoh Mines Limited (25,1 per cent) and in its associated companies, Ayer Hitam Tin Dredging Limited and The Sungei Besi Mines Limited, which operate tin mining areas in Malaysia. Tronoh Mines, in association with a number of other international companies, are also engaged in prospecting operations in offshore areas of Thailand.

The Charter and Anglo American Corporation groups, together with Zambian Anglo American, formed Australian Anglo American Limited during the year. This new company has continued an extensive prospecting programme and is well placed to take advantage of opportunities for new business in the Australian mining industry.

Year ended 31st March 1971.

Issued capital: £26 194 403 in 104 766 576 fully-paid shares of 25p each and 275 900 shares of 25p each, 1p paid up.

Share capital and reserves (consolidated): £167 700 000.

	1971	1970
Market value of quoted investments	£212 325 000	£273 822 000
Book cost of quoted investments	£96 313 000	£92 836 000
Book cost of unquoted investments	£43 480 000	£45 552 000
Directors' valuation of unquoted investments	£50 694 000	£52 137 000
Fixed assets (less depreciation)	£21 556 000	£19 578 000
Net asset value per share	277p	333p
Profit after taxation, deduction of minority shareholders' interests, and pre-acquisition profits of subsidiaries	£15 471 000	£12 998 000
Earnings per ordinary share	14,76p	13,13p
Dividends (gross):		
Amount paid	£8 381 000	£7 422 000
Per share	8,0p	7,5p

All amounts are expressed in United Kingdom currency.

On 16th September 1971 the issued share capital was increased to £26 198 192,50 in 104 781 734 fully-paid shares of 25p each and 275 900 shares of 25p each, 1p paid up.

De Beers Industrial Corporation Limited

An industrial finance and investment company whose main asset is a direct and indirect interest of approximately 42,5 per cent in the issued ordinary share capital of African Explosives and Chemical Industries Limited.

Year ended 31st December 1971.

Issued capital: R24 000 000 in 1 000 000 5½ per cent cumulative preference shares of R2 each and 11 000 000 ordinary shares of R2 each.

Share capital and reserves: R45 354 000.

	1971	1970
Market value of quoted investments	R41 627 000	R37 468 000
Book cost of quoted investments	R14 921 000	R14 921 000
Book cost of unquoted investments	R29 696 000	R29 629 000
Net asset value per share*	R10,22	R8,92
Profit before taxation	R6 028 000	R5 487 000
Taxation	R21 000	Nil
Profit after taxation and preference dividend	R5 897 000	R5 377 000
Earnings per ordinary share	53,6c	48,9c
Dividends:		
Ordinary:		
Amount paid	R4 730 000	R4 125 000
Per share	43,0c	37,5c

*Includes the market value of the shares in AE²CI held by Afex Holdings (Proprietary) Limited.

The company's principal interests at 31st December 1971 were in the following companies:

	No. of shares	Percentage
Afex Holdings (Proprietary) Limited	500 000	50,00
African Explosives and Chemical Industries Limited	10 050 000	12,52
Anglo American Industrial Corporation Limited	1 476 562	8,32

Charter Consolidated Limited

Charter is a London-based international mining, finance and investment company. Its main investments are in mining and allied activities, including the mining of gold and uranium, copper, diamonds, iron ore, platinum, tin, vanadium, wolfram, coal and potash, and the production of oil and natural gas.

Based on the stock exchange value of quoted investments and the directors' valuation of unquoted investments, Charter had assets to a total value of £325 384 000 at 31st March 1971. The following is an approximate geographical analysis of those assets which takes into consideration direct interests and where possible major indirect interests in the areas concerned:

United Kingdom	£76 840 000
Continental Europe	£12 494 000
North America	£58 099 000
South Africa	£107 869 000
Zambia	£16 861 000
Rest of Africa	£11 629 000
Malaysia	£2 808 000
Australia	£38 784 000
	£325 384 000

Zambia provided 39,4 per cent of Charter's investment income, followed by South Africa with 29,5 per cent and the United Kingdom with 12,1 per cent.

In the United Kingdom, Cleveland Potash Limited, a company jointly owned by the Charter group and by Imperial Chemical Industries Limited, is establishing

	No. of shares	Per- centage
Highveld Steel and Vanadium Corporation Limited	3 478 400	6,18
International Pipe and Steel Investments South Africa (Proprietary) Limited	329 862	0,47
Kimberley Engineering Works Limited	400 000	50,00
Mainstraat Beleggings (1965) (Eiendoms) Beperk	136 875	7,50
Middelburg Steel and Alloys (Proprietary) Limited	97 500	0,53
Northern Lime Company Limited	100 000	5,37
South African Nylon Spinners (Proprietary) Limited	5 467 962	37,50
Stewarts and Lloyds of South Africa Limited	110 271	0,49
Vierfontein Colliery Limited	838 506	20,96

Gold Fields of South Africa Limited

(formerly West Witwatersrand Areas Limited)

A financial and exploration company with substantial holdings in gold and gold-uranium mining companies, base mineral, industrial and property companies.

During the second half of 1971 the company:

(a) acquired the undertaking of Gold Fields of South Africa Limited in consideration for 3 350 000 fully-paid shares of 25 cents each, and as a result changed its name to 'Gold Fields of South Africa Limited';

(b) made a rights issue to raise approximately R17 million to finance, *inter alia*, existing ventures and projects in the course of development.

Year ended 30th June 1971.

Issued capital: R2 679 475 in 10 717 898 ordinary shares of 25 cents each.

Share capital and reserves: R48 675 000.

	1971	1970
Market value of quoted investments	R160 612 000	R113 232 000
Book cost of quoted investments	R50 537 000	R42 051 000
Book cost of unquoted investments	R884 000	R759 000
Net asset value per share	R14,83	R11,09
Consolidated profit before taxation	R6 084 000	R7 297 000
Taxation	—	R60 000
Consolidated profit after taxation	R6 084 000	R7 237 000
Earnings per share	56,8c	67,5c
Dividends:		
Amount paid	R4 823 000	R4 823 000
Per share	45c	45c

At 30th June 1971 the company's principal investments were as follows:

Quoted investments:	No. of shares	Per- centage
Blyvooruitzicht Gold Mining Company Limited	2 801 680	11
Doornfontein Gold Mining Company Limited	1 826 305	18
East Driefontein Gold Mining Company Limited—ordinary	12 000 000	25
Elsburg Gold Mining Company Limited—stock	417 194	1
Kloof Gold Mining Company Limited—ordinary	4 800 000	29
Kloof Gold Mining Company Limited—combined units	4 248 590	
Libanon Gold Mining Company Limited	2 121 496	26



Two units of Engelhard Industries' PTX Purifier, with its platinum catalyst in the centre. Fitting neatly behind the exhaust manifold, the device removes pollutants from engines operating on unleaded petrol or diesel fuel

	No. of shares	Per- centage
New Durban Gold and Industrials Limited	1 125 000	13
Venterspost Gold Mining Company Limited	646 800	13
West Driefontein Gold Mining Company Limited	2 788 012	19
Western Areas Gold Mining Company Limited—stock	450 048	2
Western Deep Levels Limited	1 350 000	5

Unquoted investments:

Boskop Areas (West Wits) Limited:		
Fully paid	700	60
Partly paid	179 300	
Lemoen Plaas (Eiendoms) Beperk	1 000	100
Western Ultra Deep Levels Limited	150 000	10
Westwits Investments Limited	3 712 500	100
Zwartkloof Fluorspar Limited	500 000	25

In addition, through its subsidiary Westwits Investments Limited, the company has a 75 per cent interest in Witwatersrand Deep Limited.

Hollandstraat-ses Beleggings (Eiendoms) Beperk

The company, a subsidiary of Federale Mynbou Beperk, was formed in 1963 by Anglo American Corporation of South Africa Limited and Federale Mynbou Beperk, and has a substantial shareholding in General Mining and Finance Corporation Limited.

Union Acceptances Holdings Limited

Union Acceptances Holdings Limited holds the entire issued share capital of Union Acceptances Limited which offers a complete range of merchant banking services and, in addition, acts as managers to First Union General Investment Trust Limited (FUGIT), a closed end investment trust company which held

investments with a market value in excess of R47,1 million at 31st December 1971.

The major equity investments of the group include interests in FUGIT, National Board of Executors Limited—a nation-wide executor, trust and real estate administration company—Randles Brother and Hudson Limited, C. T. Bowring and Associates Holdings (South Africa) Limited, Anglo American Properties Limited, Retail and General Properties Limited, Land Investment and Development Corporation Limited and Priority Investment Trust Limited, a company which invests in preference shares. These interests are held through the wholly-owned subsidiary companies U.A.L. Investments Limited and U.A.L. Properties Limited. The former company also holds the entire capital of U.A.L. Management Company Limited, the management company of the U.A.L. Mutual Fund, which had investments with a market value in excess of R25,0 million at 31st December 1971.

Year ended 31st December 1971.

Issued capital: R6 194 000 in shares of R1 each.

	1971	1970
Total share capital and disclosed reserves	R16 616 000	R15 160 000
Deposits, current and other accounts	R72 670 000	R67 230 000
Acceptances and guarantees	R80 132 000	R83 745 000
Net profit (after provision for transfer to the inner reserves of Union Acceptances Limited)	R2 199 000	R1 658 000
Disclosed earnings per ordinary share	35,52c	26,77c
Dividends:		
Amount paid	R743 280	R618 000
Per share	12c	10c

Orange Free State interests

Anglo American Corporation of South Africa Limited has direct shareholdings and, principally through Orange Free State Investment Trust Limited, indirect interests in companies in the Orange Free State goldfield. Operating statistics and brief notes on most of these companies are given below under two headings: administered by Anglo American Corporation; and administered by other mining finance houses.

Administered by Anglo American Corporation

Freddies Consolidated Mines Limited

Year ended 30th September 1971.
Issued capital: R2 000 in shares of R2 each, held in equal proportions by Free State Geduld Mines Limited and Western Holdings Limited.

	1971	1970
Tons milled—metric:		
Mine production	704 500	605 500
Milled ore from Free State Geduld	145 951	135 703
Milled ore from Western Holdings	207 857	218 101
	<u>1 058 308</u>	<u>959 304</u>

Yield—grams/ton	14,38	16,18
Cost per ton milled	R8,36	R8,25
Working profit	R4 649 000	R5 048 000

Dividends:		
Amount paid	R5 000 000	R5 000 000
Per share	R5 000	R5 000

*The assessed loss for taxation purposes at 30th September 1971 was estimated at R8 594 000 (1970: R14 141 000)

Free State Geduld Mines Limited

Year ended 30th September 1971.
Issued capital: R5 000 000 in shares of 50 cents each.

	1971	1970
Tons milled—metric*	1 998 000	1 911 400
Yield—grams/ton	27,11	31,55
Cost per ton milled	R8,39	R8,28
Working profit	R31 384 000	R34 560 000
Taxation and State's share of profit	R20 119 000	R21 500 000

Dividends:		
Amount paid	R13 000 000	R14 000 000
Per share	130c	140c

Ore reserves:		
Tons	5 324 000	5 122 000
Value—cm.g	3 691	4 249

*In addition, 145 951 (1970: 135 703) tons of milled ore were delivered to Freddies Consolidated Mines Limited, in which the company has a 50 per cent interest.

Free State Saaiplaas Gold Mining Company Limited

Wholly-owned subsidiary of President Brand Gold Mining Company Limited.
Year ended 30th September 1971.

	1971	1970
Tons milled—metric:		
Mine production	1 074 000	1 043 800
Milled ore from President Brand	543 600	544 000
	<u>1 617 600</u>	<u>1 587 800</u>

	1971	1970
Yield—grams/ton	12,29	13,06
Cost per ton milled	R7,18	R7,03
Working profit—gold	R6 045 000	R6 178 000
Taxation	R1 035 000	—*
Uranium profit	R38 000	R41 000
Dividends:		
Amount paid	R5 621 000	R6 246 000
Per share	45c	50c

*The assessed loss for taxation purposes at 30th September 1970 was estimated at R3 260 000.

In view of the decision by President Brand not to commission its uranium plant for the time being, uranium-bearing slimes are currently being stockpiled.

Jeannette Gold Mines Limited

The mine was placed on a care-and-maintenance basis in January 1956.

President Brand Gold Mining Company Limited

Year ended 30th September 1971.
Issued capital: R7 020 000 in stock units of 50 cents each.

	1971	1970
Tons milled—metric*	2 304 000	2 277 600
Yield—grams/ton	20,13	21,36
Cost per ton milled	R8,03	R7,43
Working profit	R22 598 000	R23 784 000
Taxation and State's share of profit	R8 085 000	R12 147 000

Dividends:		
Amount paid	R14 742 000	R16 146 000
Per stock unit	105c	115c

Ore reserves:		
Tons	6 576 000	6 756 000
Value—cm.g	3 035	3 037

*In addition, 543 600 (1970: 544 000) tons of milled ore were delivered to Free State Saaiplaas Gold Mining Company Limited.

President Steyn Gold Mining Company Limited

Year ended 30th September 1971.
Issued capital: R7 000 000 in shares of 50 cents each.

	1971	1970
Tons milled—metric	2 568 000	2 576 000
Yield—grams/ton	12,32	12,14
Cost per ton milled	R7,94	R7,39
Working profit	R7 679 000	R7 077 000
Taxation and State's share of profit	R3 226 000	R446 000

Dividends:		
Amount paid	R2 100 000	R2 100 000
Per share	15c	15c

Ore reserves:		
Tons	6 260 000	6 254 000
Value—cm.g	1 647	1 679

The new No. 4 shaft, in the southern portion of the mining lease area, reached its final depth of 2 366 metres on 6th September 1971.

Welkom Gold Mining Company Limited

Year ended 30th September 1971.
Issued capital: R6 125 000 in shares of 50 cents each.

	1971	1970
Tons milled—metric	2 174 000	2 179 000
Yield—grams/ton	11,25	11,10
Cost per ton milled	R7,90	R7,25
Working profit	R4 521 000	R4 396 000
Taxation	R1 807 000	R1 575 000

	1971	1970
Dividends:		
Amount paid	R2 266 000	R2 266 000
Per share	18,5c	18,5c
Ore reserves:		
Tons	4 233 000	4 754 000
Value—cm.g	1 582	1 580

Western Holdings Limited

Year ended 30th September 1971.
Issued capital: R3 748 188 in shares of 50 cents each.

	1971	1970
Tons milled—metric*	2 810 000	2 690 000
Yield—grams/ton	20,13	21,44
Cost per ton milled	R7,38	R6,80
Working profit	R29 350 000	R29 870 000
Taxation and State's share of profit	R19 440 000	R18 891 000

Dividends:		
Amount paid	R12 744 000	R11 994 000
Per share	170c	160c

Ore reserves:		
Tons	6 937 500	6 709 700
Value—cm.g	2 783	2 800

*In addition, 207 857 (1970: 218 101) tons of milled ore were delivered to Freddies Consolidated Mines Limited in which the company has a 50 per cent interest.

In terms of a scheme for the rationalisation of mining operations in the Orkney area, the company applied for a mining lease over the unproclaimed portion of the farm Pretoriuskraal No. 53. The Hon. the Minister for Mines has agreed to the granting of this lease and to its cession to Southvaal Holdings Limited. As consideration for this cession, Southvaal Holdings issued to the company one million fully-paid Southvaal shares. Two hundred thousand of these shares were passed on to Union Corporation Limited in terms of an agreement with that corporation.

Anglo American (O.F.S.) Housing Company Limited

The company provides housing in the Orange Free State for employees of associated companies. At 31st December 1971 the cost of stands, houses, flats and hostels owned by the company amounted to R28 176 780.

Inter-Mine Services O.F.S. (Proprietary) Limited

The company supplies stores and materials to certain gold mining companies in the Anglo American Corporation Group. Such operations are financed by the companies concerned.

Administered by other mining finance houses

Harmony Gold Mining Company Limited

Year ended 30th June 1971.
Issued capital: R9 000 000 in shares of 50 cents each.

	1971	1970
Tons milled—metric	3 305 000	3 167 000
Yield—grams/ton	10,22	10,33
Working costs—per ton milled	R7,64	R7,68
Working profit—gold	R3 705 000	R3 383 000
Working profit—uranium, pyrite and acid	R1 293 000	R920 000
Taxation and lease consideration	R1 235 000	R1 279 000

GOLD MINES OF THE ORANGE FREE STATE

Administered by Anglo American Corporation



Dividends:	1971	1970
Amount paid	R2 880 000	R3 060 000
Per share	16c	17c
Ore reserves*:		
Tons	6 336 000	6 204 000
Gold value—cm.g**	2 076	2 128
Uranium value—cm.kg**	36,61	37,41

*Includes ore reserves in the Harmony/Merriespruit scheme.

**Excludes Harmony/Merriespruit scheme.

Lorraine Gold Mines Limited

Year ended 30th September 1971.

Issued capital: R16 066 986 in shares of R1 each.

	1971	1970
Tons milled—metric	1 352 000	1 212 000
Yield—grams/ton	10,46	10,90
Cost per ton milled	8,93	9,15
Working profit—gold	R966 000	R449 000
Taxation and lease payments	Nil	Nil
Ore reserves:		
Tons	4 848 000	4 912 000
Value—gm/t	14,44	14,80

St. Helena Gold Mines Limited

Year ended 31st December 1971.

Issued capital: R9 625 000 in shares of R1 each.

	1971	1970
Tons milled—metric	2 234 000	2 195 000
Yield—grams/ton	15,77	15,77
Cost per ton milled	R6,15	R5,64
Working profit	R18 787 000	R16 510 000
Taxation and lease payments	R10 679 000	R9 566 000
Dividends:		
Amount paid	R6 641 000	R6 738 000
Per share	69c	70c
Payable ore reserves:		
Tons	8 900 000	8 900 000
Value—gm/t	18,1	18,3

Far West Rand and Klerksdorp interests

Anglo American Corporation of South Africa Limited has direct shareholdings and, principally through West Rand Investment Trust Limited, indirect interests in companies in the Far West Rand and Klerksdorp areas. Operating statistics and brief notes on most of these companies are given below under two headings: administered by Anglo American Corporation; and administered by other mining finance houses.

Administered by Anglo American Corporation

Vaal Reefs Exploration and Mining Company Limited

Year ended 31st December 1971.		
Issued capital: R9 500 000 in shares of 50 cents each.		
	1971	1970
Tons milled—metric	3 022 840	2 346 000
Yield—grams/ton	13,71	15,18
Cost per ton milled	R8,86	R8,33
Working profit—gold	R12 732 000	R10 049 000
Net profit—uranium and thoric acid	R2 094 000	R3 625 000
Taxation and lease payments	R15 000	R27 000
Dividends:	Nil	Nil
Amount paid	R7 375 000	R5 250 000
Per share	50c*	50c
Ore reserves:	9 501 000	5 802 000
Tons		
Gold value—cm.g	1 783	1 925
Uranium value—cm.kg	40,78	41,30
*The assessed loss for taxation purposes at 31st December 1971 was estimated at R14 940 000 (1970: R28 512 000).		
**Applicable to Carbon Leader Reef only.		

Following acceptance of the plan to rationalise and reorganise mining operations in the Orkney area, the changes came into effect on 20th September 1971.

The company acquired the entire issued capital of Western Reefs Exploration and Development Company Limited in exchange for the issue of 3 500 000 Vaal Reefs shares, in the ratio of one Vaal Reefs share for two Western Reefs shares.

(ii) Vaal Reefs acquired Western Reefs' mining lease and mining assets for R6 250 000. The Vaal Reefs' operating results given above therefore include operations in the Western Reefs area (now renamed 'Vaal Reefs West') from 20th September 1971.

(iii) Southvaal Holdings Limited issued to Vaal Reefs 5 000 000 shares of 50 cents each, credited as fully paid, in consideration for the limitation of Southvaal Holdings' obligation to provide loans for the opening up of the area south of the Vaal River to a maximum of R10 000 000. Anglo American Corporation of South Africa Limited and Union Corporation Limited have issued to Vaal Reefs their subscription rights to a further 1 500 000 Southvaal shares at par, as those two corporations are no longer required to make loan facilities available to Southvaal Holdings for on-lending to Vaal Reefs.

(iv) Western Holdings Limited agreed to cede to Southvaal Holdings the new mining lease which the State has agreed to grant over an area immediately to the west of the Vaal Reefs South area, in exchange for 1 000 000 Southvaal shares. Southvaal Holdings in turn undertook to cede the new area to Vaal Reefs to be mined conjointly with and on the same terms as the original Vaal Reefs South area.

In November 1971 Vaal Reefs raised R31,5 million by means of a rights issue of 5 000 000 shares. The additional capital has been used to repay loans and temporary borrowings connected with the expansion of the company's operations both north and south of the Vaal River.

Western Deep Levels Limited

Year ended 31st December 1971.		
Issued capital: R50 000 000 in shares of R2 each.		
	1971	1970
Tons milled—metric	3 174 000	3 171 000
Yield—grams/ton	18,51	19,05
Cost per ton milled	R8,67	R7,74
Working profit—gold	R27 543 000	R25 869 000
Taxation and State's share of profit*	Nil	Nil
Dividends:		
Amount paid	R16 250 000	R16 250 000
Per ordinary share	65c	65c
Ore reserves:		
Tons	5 139 000	4 548 000
Gold value—cm.g	2 559	2 752
Uranium value—cm.kg**	22,54	23,92

*The assessed loss for taxation purposes at 31st December 1971 was estimated at R14 940 000 (1970: R28 512 000).

**Applicable to Carbon Leader Reef only.

Western Reefs Exploration and Development Company Limited

The scheme of rationalisation in conjunction with Vaal Reefs Exploration and Mining Company Limited, Southvaal Holdings Limited and Western Holdings Limited, came into operation on 20th September 1971. On that date this company became a wholly-owned subsidiary of Vaal Reefs, which acquired the entire issued share capital of this company in exchange for 3,5 million new Vaal Reefs shares.

Administered by other mining finance houses

Blyvooruitzicht Gold Mining Company Limited

Year ended 30th June 1971.		
Issued capital: R6 000 000 in shares of 25 cents each.		
	1971	1970
Tons milled—metric	1 925 000	1 804 000
Yield—grams/ton	19,53	20,13
Cost per ton milled	R8,79	R8,57
Working profit—gold	R15 321 000	R15 137 000
Working profit—uranium after allowing for uranium royalties receivable and payable (1970: loss)	R68 000	(R561 000)
Taxation and lease payments	R6 823 000	R5 958 000
Dividends:		
Amount paid	R5 760 000	R5 760 000
Per share	24c	24c
Ore reserves:		
Tons	5 484 000	5 696 000
Gold value—cm.g	2 453	2 414
Uranium value—cm.kg	27,32	26,19

Buffelsfontein Gold Mining Company Limited

Year ended 30th June 1971.		
Issued capital: R11 000 000 in shares of R1 each.		
	1971	1970
Tons milled—metric	2 791 000	2 660 800
Yield—grams/ton	13,42	14,37

	1971	1970
Working costs—per ton milled	R8,66	R8,70
Working profit—gold	R7 961 000	R9 280 000
Net profit—uranium and acid, after deduction of royalties paid	R3 749 000	R4 133 000
Taxation and lease payments	R1 885 000	R1 036 000
Dividends:		
Amount paid	R3 713 000	R4 125 000
Per share	33,75c	37,50c
Ore reserves:		
Tons	5 405 000	5 445 000
Gold value—cm.g	2 409	2 417
Uranium value—cm.kg	55,81	55,18

Doornfontein Gold Mining Company Limited

Year ended 30th June 1971.		
Issued capital: R9 828 000 in shares of R1 each.		
	1971	1970
Tons milled—metric	1 403 000	1 397 000
Yield—grams/ton	16,0	16,5
Working costs—per ton milled	R9,92	R8,99
Working profit—gold	R5 407 199	R7 025 387
Taxation and lease payments	R2 152 534	R3 041 632
Dividends:		
Amount paid	R2 063 880	R2 653 560
Per share	21c	27c
Ore reserves:		
Tons	2 041 000	2 366 000
Gold value—grams per ton	18,7	18,3

East Driefontein Gold Mining Company Limited

Year ended 31st December 1971.
Issued capital: R49 902 000 in 44 620 000 ordinary shares of R1 each and 2 780 000 combined units comprising 2 780 000 'A' shares of R1 each and R2 502 000 unsecured non-interest-bearing loan stock. The inflow of water into the underground workings was finally brought under control during September 1971, when the main inflow above 6 Level at the No. 4 shaft at West Driefontein mine was diverted through boreholes direct to pumps at the two mines. Final dewatering of No. 4 shaft, West Driefontein, was achieved in November 1971, by which time entry had been gained to all levels served by that shaft. The average daily inflow from the Bank Compartment had decreased to 197 megalitres in December 1971.

The company entered into an agreement with West Driefontein Gold Mining Company Limited to tribute, on a royalty basis, the Ventersdorp Contact Reef in the West Driefontein No. 4 shaft area for the period to 31st March 1973. The arrangements have been approved by The Honourable the Minister of Mines, and the company commenced mining operations in the area on 17th December 1971. Trial milling began in January 1972 and the milling rate is expected to build up from an initial 45 000 metric tons in April 1972 to about 90 000 tons a month in January 1973 (which will include stope tonnage from the northern section of the company's own mining lease area), and to increase in stages thereafter to 181 000 tons a month in 1976.

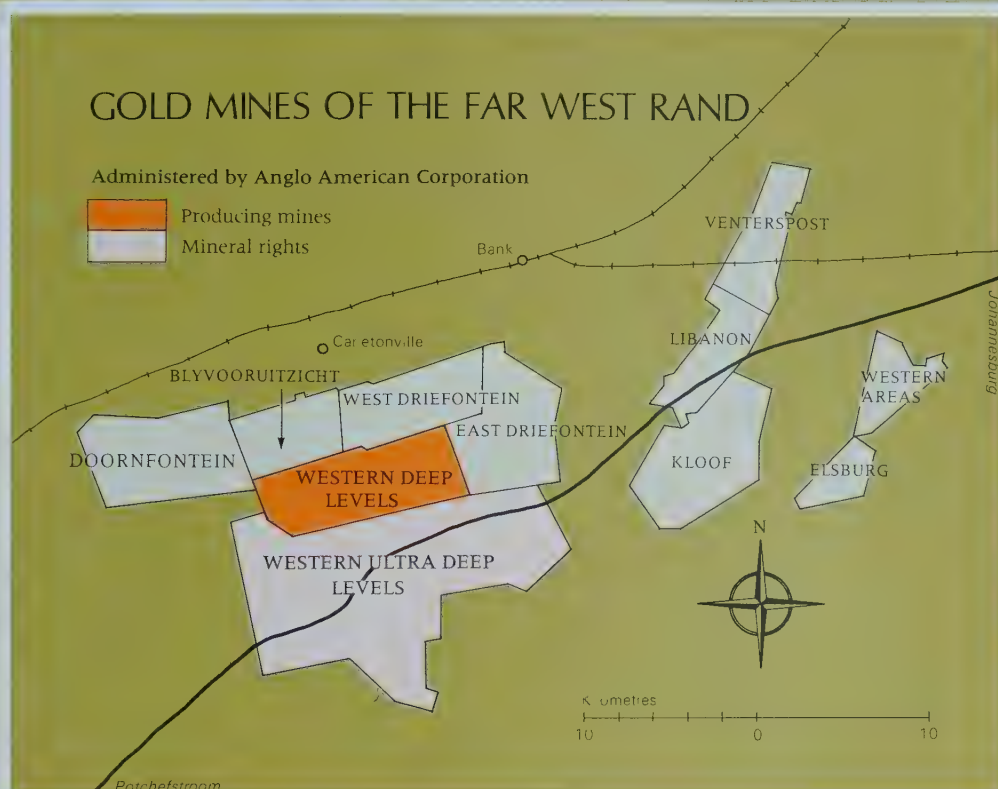
Elsburg Gold Mining Company Limited

Year ended 31st December 1971.
Issued capital: R31 500 000 in stock units of R1 each.

GOLD MINES OF THE FAR WEST RAND

Administered by Anglo American Corporation

Producing mines
Mineral rights



GOLD MINES OF THE KLERKSDORP AREA

Administered by Anglo American Corporation

Producing mines



	1971	1970
Tons milled—metric	926 000	668 143
Yield—grams/ton	10,12	10,72
Cost per ton milled	R7,84	R8,08
Working profit	R1 297 000	R648 000

Hartebeestfontein Gold Mining Company Limited

Year ended 30th June 1971.

Issued capital: R9 000 000 in shares of R1 each.

	1971	1970
Tons milled—metric	1 876 000	1 996 000
Yield—grams/ton	14,16	12,68
Working costs—per ton milled	R9,66	R8,94
Working profit—gold	R5 374 000	R4 414 000
Net profit—uranium	R3 618 000	R3 109 000
Taxation and lease payments	R2 674 000	R2 537 000
Dividends:		
Amount paid	R720 000	R720 000
Per share	8c	8c
Ore reserves:		
Tons	5 786 000	7 023 000
Value gold—grams/ton	15,84	14,47
Value uranium—kg/t	0,22	0,21

During March 1972, the members of this company agreed to:

(a) purchase on 1st July 1972, from Zandpan Gold Mining Company Limited, the whole of Zandpan's undertaking and assets, and all its contractual rights and obligations including long-term loans aggregating R8 million, in exchange for 2,2 million new shares in the capital of the company;

(b) increase the company's authorised capital from R9 million to R11,2 million by the creation of 2,2 million ordinary shares of R1 each.

The 2,2 million shares, to be allotted and issued to Zandpan as payment for the purchase price of the mine will rank *pari passu* in all respects with the existing issued shares except that they will not be eligible for any dividend declared on or before 1st July 1972.

Kloof Gold Mining Company Limited

Year ended 30th June 1971.

Issued capital: R37 198 564 in 22 241 650 ordinary shares of R1 each, fully paid, and 7 998 350 combined units comprising 7 998 350 'A' shares of R1 each, fully paid, and R6 958 564 unsecured non-interest bearing loan stock.*

	1971	1970
Tons milled—metric	1 941 000	1 817 000
Yield—grams per ton	17,2	16,6
Working costs—per ton milled	R8,76	R7,88
Working profit	R11 726 187	R10 952 663
Taxation and State's share of profit	Nil	Nil
Dividend on ordinary shares:		
Amount paid	R1 779 332	R1 112 083
Per share	8c	5c
Ore reserves:		
Tons	2 757 000	2 574 000
Value—cm.g	3 010	2 975

*Each 'A' share, together with an amount of unsecured non-interest bearing loan stock, constitute one combined unit. The non-interest bearing loan stock is redeemable.

West Driefontein Gold Mining Company Limited

Year ended 30th June 1971.

Issued capital: R14 082 160 in shares of R1 each.

Rand and Evander interests

	1971	1970
Tons milled—metric	2 855 000	2 613 000
Yield—grams per ton milled	31,1	31,4
Working costs—per ton milled	R10,50	R10,56
Working profit—gold	R46 599 588	R41 600 331
Taxation and State's share of profit	R26 535 246	R23 810 949
Dividends		
Amount paid	R15 208 733	R14 082 160
Per share	108c	100c
Ore reserves:		
Tons		
Carbon Leader Reef	3 733 000	3 925 000
Intersdorp Contact Reef	1 780 000	1 631 000
Yield—grams/ton:		
Carbon Leader Reef	35,1	35,8
Intersdorp Contact	28,4	28,7

Anglo American Areas Gold Mining Company Limited

Year ended 31st December 1971.		
Issued capital: R20 675 000 in stock units of R1 each.		
	1971	1970
Tons milled—metric	2 425 000	2 433 121
Yield—grams/ton	9,10	9,08
Cost per ton milled	R6,70	R6,47
Working profit	R4 901 000	R3 700 000
Taxation and lease		
Dividends	Nil	Nil
Amount paid	R1 447 000	R1 240 000
Per share	7c	6c
Ore reserves		
Tons	6 099 495	5 221 029
Value—cm.g	1 781	1 852

Anglo American Gold Mining Company Limited

Year ended 31st December 1971.		
Issued capital: R13 020 285 in shares of R1 each.		
	1971	1970
Tons milled—metric	855 000	947 000
Yield—grams/ton	12,00	11,22
Cost per ton milled	R10,75	R10,26
Working loss—gold	R494 000	R698 000
Profit from sales of uranium oxide	R75 000	R152 000
Taxation and lease payments	Nil	Nil
Ore reserves:		
Tons	1 817 000	1 776 000
Gold value—gm/t	14,54	14,42
Uranium value—kg/t	0,40	0,34

During March 1972 the members of this company agreed to sell, on 1st July 1972, the whole of the company's undertaking and assets, and all its contractual rights and obligations including long-term loans aggregating R8 million, to Hartebeestfontein Gold Mining Company Limited, in exchange for 2,2 million new Hartebeestfontein shares of R1 each.

Anglo American Corporation of South Africa Limited has direct shareholdings and/or, through Rand Selection Corporation Limited, indirect interests in mining companies on the Rand and in the Evander area. Operating statistics and brief notes on most of these companies are given below under two headings: administered by Anglo American Corporation; and administered by other mining finance houses.

Administered by Anglo American Corporation

Daggafontein Mines Limited

Year ended 31st December 1971.
Issued capital: R3 500 000 in shares of 50 cents each.
Clean-up operations ended at the end of 1968, and the last revenue from this source, and from the sale of sulphuric acid, was received early in 1969. Most of the company's realisable assets have been disposed of. The remaining assets are of little value.
The company paid a dividend of three cents a share in 1971.

East Daggafontein Mines Limited

Year ended 31st December 1971.		
Issued capital: R3 730 000 in shares of R1 each.		
	1971	1970
Tons milled—metric	1 607 000	1 621 200
Yield—grams/ton	5,74	5,31
Cost per ton milled	R4,57	R4,52
Working profit	R1 310 000	(loss) R148 000
Taxation and State's share of profit	R398 000	R16 000
Dividends:		
Amount paid	R783 000	R410 000
Per share	21c	11c

Ore reserves:
Tons 684 800 1 347 500
Value—cm.g 994 999
The company's mine is classified as an assisted mine in terms of the Gold Mines Assistance Act No. 82 of 1968.

The South African Land & Exploration Company Limited

Year ended 31st December 1971.		
Issued capital: R1 155 000 in shares of 35 cents each.		
	1971	1970
Tons milled—metric	1 278 000	1 245 000
Yield—grams/ton	8,88	7,84
Cost per ton milled	R6,12	R6,08
Working profit	R2 771 000	R541 000
Taxation and State's share of profit	R1 242 000	R69 000
Dividends:		
Amount paid	R1 980 000	R1 155 000
Per share	60c	35c
Ore reserves:		
Tons	1 385 000	1 389 000
Value—cm.g	1 246	1 470

The company's mine is classified as an assisted mine in terms of the Gold Mines Assistance Act No. 82 of 1968.

Administered by other mining finance houses

Bracken Mines Limited

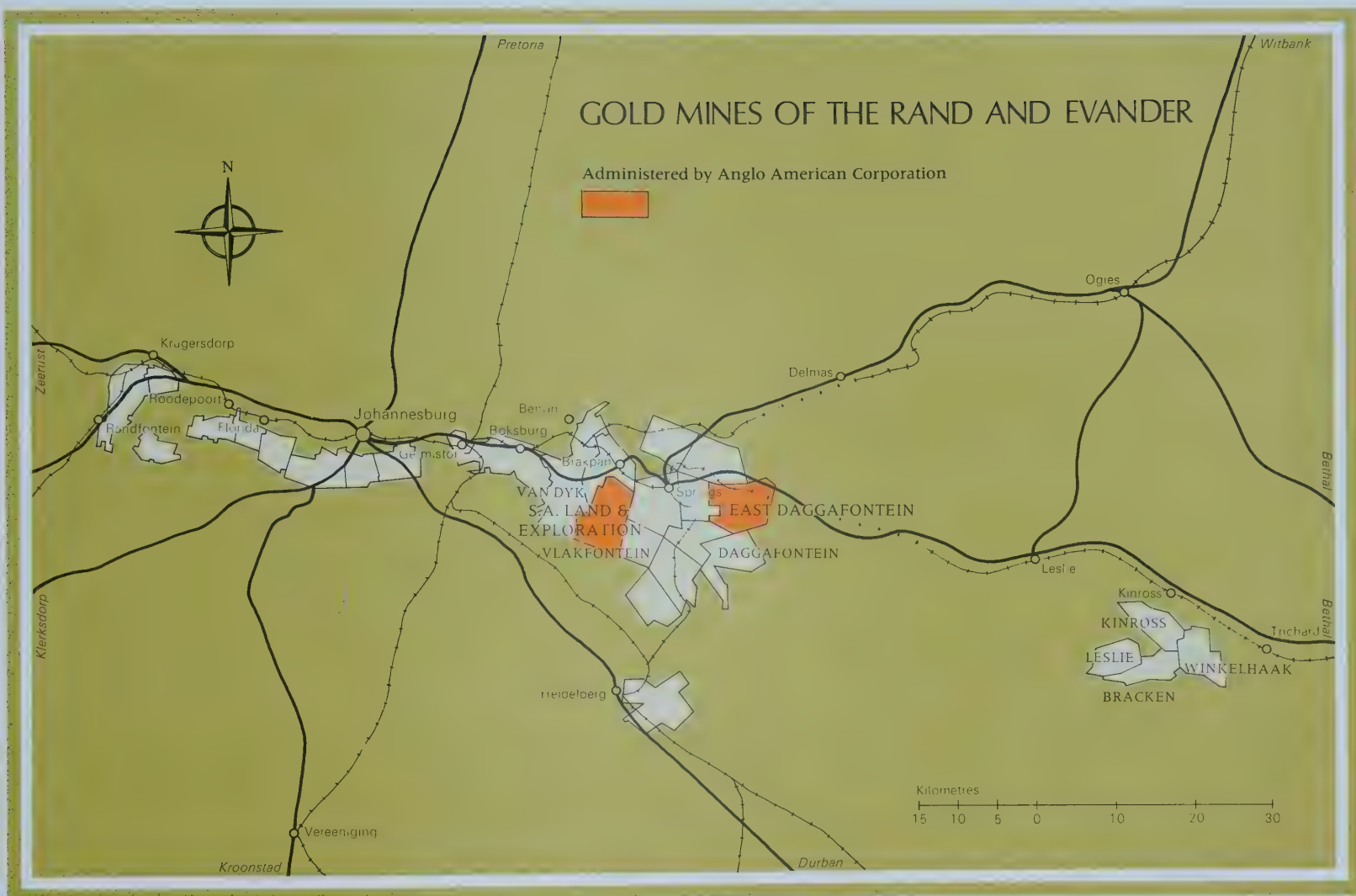
Year ended 31st December 1971.		
Issued capital: R14 000 000 in shares of R1 each.		
	1971	1970
Tons milled—metric	997 000	979 000
Yield—grams/ton	13,71	13,89
Cost per ton milled	R6,56	R6,45
Working profit	R6 308 000	R5 218 000
Taxation	R3 001 000	R2 485 000
Dividends:		
Amount paid	R2 310 000	R2 520 000
Per share	16,5c	18c
Payable ore reserves:		
Tons	1 600 000	2 000 000
Value—cm.g	1 768	1 747

Leslie Gold Mines Limited

Year ended 31st December 1971.		
Issued capital: R16 000 000 in shares of R1 each.		
	1971	1970
Tons milled—metric	1 528 000	1 566 000
Yield—grams/ton	8,00	8,90
Cost per ton milled	R5,59	R5,19
Working profit	R3 022 000	R3 535 000
Taxation	R1 182 000	R1 449 000
Dividends:		
Amount paid	R1 600 000	R2 240 000
Per share	10c	14c
Payable ore reserves:		
Tons	1 750 000	2 500 000
Value—cm.g	1 154	1 250

Winkelhaak Mines Limited

Year ended 31st December 1971.		
Issued capital: R12 000 000 in shares of R1 each.		
	1971	1970
Tons milled—metric	1 878 000	1 823 000
Yield—grams/ton	10,63	10,22
Cost per ton milled	R6,12	R6,11
Working profit	R7 105 000	R4 430 000
Taxation and lease payments	R4 109 000	R2 242 000
Dividends:		
Amount paid	R1 440 000	R1 320 000
Per share	12c	11c
Payable ore reserves:		
Tons	4 200 000	4 500 000
Value—cm.g	2 294	2 035



Diamond interests

The Corporation has a direct interest in De Beers Consolidated Mines Limited and, through its holding in Anglo American Investment Trust Limited, a considerable indirect interest in the De Beers group of companies. A short summary of these companies is given hereunder.

De Beers Consolidated Mines Limited

At Kimberley the company operates the De Beers and Messelton mines which it owns and the Dutoitspan and Bultfontein mines which are leased from subsidiary companies. North-west of Kimberley, at Lime Ridge the company operates the Finsch mine. In the Free State the Koffvontein mine has been opened and production began in phase with the closure of the Jagersfontein mine where production ceased at the end of May 1971. The new mine at Orapa in Botswana started production during July 1971. The company owns a large number of farms in Namaqualand and carries out alluvial diamond mining operations over Annex Kleinsee. In addition, the De Beers group has large interests in mining of gold, copper, platinum, coal and other minerals and in a number of industrial and finance companies. Its subsidiary, De Beers Industrial Corporation Limited, has an interest, directly and indirectly, of about 42 per cent in African Explosives and Chemical Industries Limited.

ended 31st December 1971.
Issued capital: R21 843 478 in 800 000 preference shares of R5 each and 356 869 557 deferred shares of 5 cents each.

Extracts from the consolidated accounts:		
	1971	1970
Preference share capital	R3 978 000	R3 978 000
Minority share capital and reserves	R569 561 000	R531 424 000
Long-term loans	R33 280 000	R30 356 000
Minority interests	R55 121 000	R52 620 000
	<u>R661 940 000</u>	<u>R618 378 000</u>
Diamond mining and mining assets	R78 417 000	R69 703 000
Diamonds on hand—Mining companies, at cost of production	R20 602 000	R15 488 000
Other companies, at cost	R198 332 000	R168 531 000
Quoted investments	R195 754 000	R191 714 000
Market value of quoted investments)	(R343 542 000)	(R357 480 000)
Unquoted investments	R106 003 000	R105 815 000
Long-term loans	R19 225 000	R18 323 000
Net current assets	R35 370 000	R41 468 000
Other	R8 237 000	R7 336 000
	<u>R661 940 000</u>	<u>R618 378 000</u>
Diamond account	R107 931 000	R88 535 000
Interest and dividends on investments	R42 666 000	R43 977 000
Royalties and other revenue	R5 180 000	R4 429 000
	<u>R155 777 000</u>	<u>R136 941 000</u>
Less: Prospecting, interest and other charges	R15 503 000	R14 652 000
Consolidated profit before tax	R140 274 000	R122 289 000

	1971	1970
Taxation and Government's share of profits under mining leases	<u>R32 676 000</u>	<u>R36 044 000</u>
Consolidated profit after tax	R107 598 000	R86 245 000
Minority interest and preference dividend	<u>R6 875 000</u>	<u>R9 207 000</u>
Attributable to deferred shareholders	R100 723 000	R77 038 000
Per share	28.2c	21.6c
Dividend paid	R53 531 000	R49 153 000
Per share	15c	14c

The Diamond Corporation (Proprietary) Limited

Issued capital: R44 000 000 in 22 000 000 shares of R2 each.

The corporation, which is a wholly-owned subsidiary of the De Beers group, contracts with various producers who are not members of the Diamond Producers' Association for the purchase of their production.

The corporation built up large financial resources which facilitate the holding of large stocks of diamonds when the market is weak, thereby stabilising the trade. In addition the corporation holds important investments in De Beers Holdings Limited and Rand Selection Corporation Limited, whose principal interests are outside the diamond industry.

The Diamond Purchasing and Trading Company (Proprietary) Limited

Issued capital: R5 000 000 in 2 500 000 shares of R2 each.

The Diamond Trading Company Limited

Issued capital: R2 000 000 in 1 000 000 shares of R2 each.

These two companies and their subsidiaries are concerned with the marketing of gem and near-gem diamonds.

Industrial Distributors (1946) Limited

Issued capital: R1 500 000 in 500 000 five per cent cumulative participating preference shares of 50 cents each and 2 500 000 ordinary shares of 50 cents each.

Industrial Distributors (Sales) Limited

Issued capital: R200 000 in 100 000 shares of R2 each.

Abrasive Grit Sales Limited

Issued capital: £180 000 in 54 000 'A' ordinary shares of £1 each and 126 000 'B' ordinary shares of £1 each.

Industrial Grit Distributors (Shannon) Limited

Issued capital: £180 000 in 180 000 ordinary shares of £1 each.

These companies are concerned with the marketing of the types of industrial diamonds commonly referred to under the general description of board and drilling material which are in increasing demand in industry for a variety of purposes.

The Consolidated Diamond Mines of South West Africa Limited

Issued capital: R9 980 000 in 4 480 000 $7\frac{1}{2}$ per cent cumulative preference shares of R1 each and 5 500 000 ordinary shares of R1 each.

The De Beers company has a direct interest of 98.30 per cent in the ordinary shares and a direct and indirect interest of 36.30 per cent in the preference shares of this company which operates the open-cast workings along the southern portion of the coast of South West Africa. Production in 1971 totalled 1 561 606 carats compared with 1 509 263 carats in 1970.

Premier (Transvaal) Diamond Mining Company Limited

Issued capital: R160 000 in 160 000 preference shares of 50 cents each and 320 000 deferred shares of 25 cents each.

The De Beers group holds 98.39 per cent of the deferred shares and 93.54 per cent of the preference shares of this company which operates the Premier mine near Pretoria in the Transvaal.

This mine produced 2 436 834 carats for the year, principally of industrial quality, as compared with 2 490 103 carats in 1970.

Ultra High Pressure Units Limited

Issued capital: R4 500 000 in 2 250 000 shares of R2 each.

De Beers has a 50 per cent interest in this company, which manufactures synthetic diamonds in South Africa.

Ultra High Pressure Units (Ireland) Limited

Issued capital: £399 208 in 399 208 shares of £1 each. De Beers has a 50 per cent interest in this company, which manufactures synthetic diamonds in Ireland.

De Beers Industrial Diamond Division (Ireland) Limited

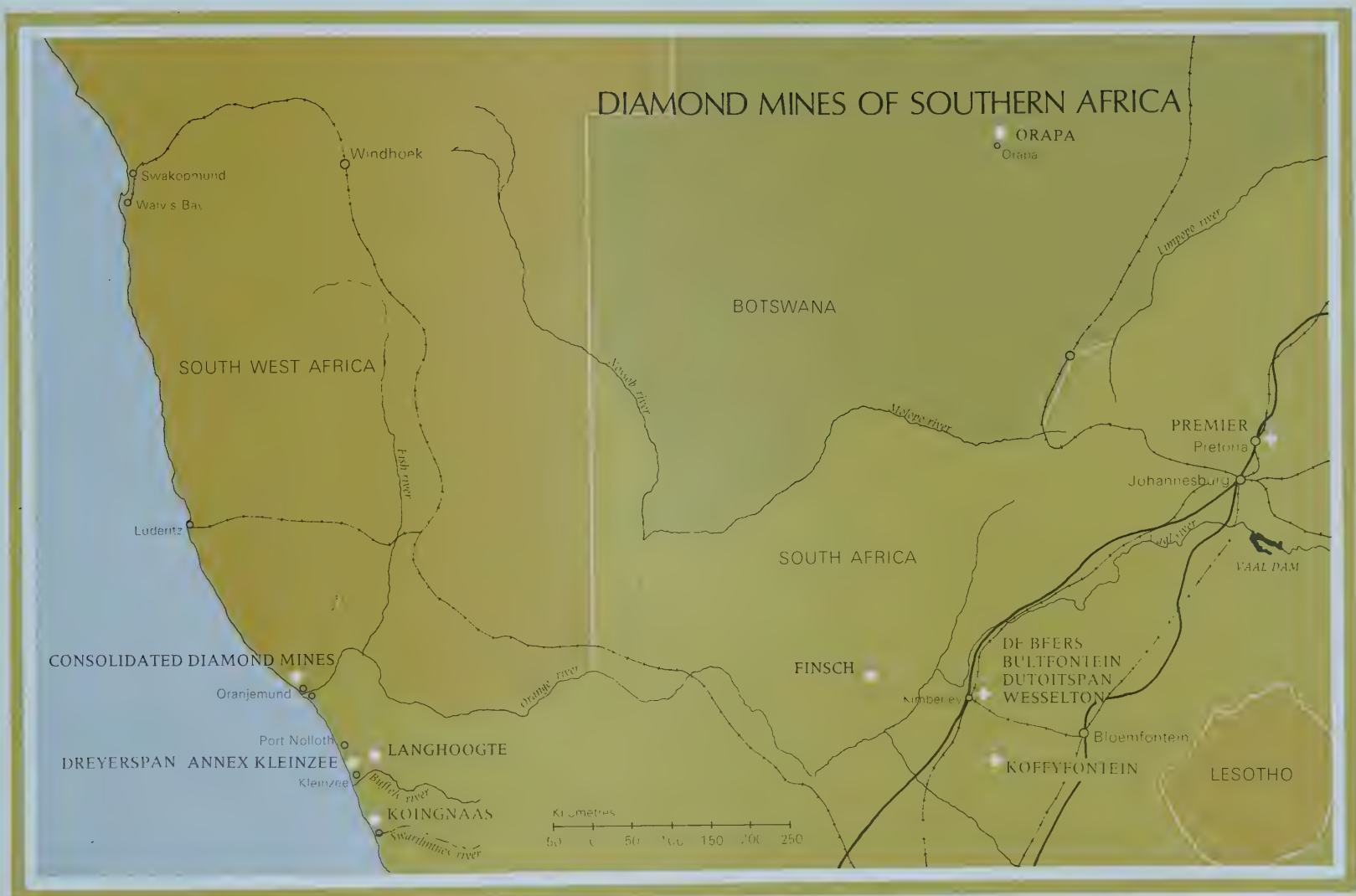
(Formerly Synthetic Diamond Company Limited)

Issued capital: £306 000 in 306 000 shares of £1 each. The company, which changed its name during the year, provides administrative services to the industrial diamond companies in Ireland. It also provides technical expertise to the synthetic producing companies within the group.

De Beers Holdings Limited

Issued capital: R45 700 000 in 22 850 000 shares of R2 each.

This company holds investments in mining, industrial and financial companies, and finances to a large extent prospecting companies outside South Africa. Its subsidiaries include Debhold (Canada) Limited, which has a substantial shareholding in Anglo American Corporation of Canada Limited, and De Beers European Holding S.A. which holds De Beers' investment in Australian Anglo American Limited.





The Corporation has indirect interests in most of the copper mining companies in Zambia through its holding in **Zambian Anglo American Limited**. The Corporation also has direct interests in the South African copper mining industry through its holding in **The Messina (Transvaal) Development Company Limited**. Brief particulars of the operations of these copper producing companies are set out below.

Managed by the Anglo American Corporation Group

Nchanga Consolidated Copper Mines Limited

The company operates three copper mining divisions and one centralised services division on the **Zambian Copperbelt**, and a lead and zinc division at **Kabwe** in Zambia. The Anglo American Corporation Group has been appointed to provide managerial, consultancy, metal marketing and other services for a minimum period of 10 years from 1st January 1970, subject to earlier termination under certain specified conditions. Buying services will also be provided for a period of five years. Fifty-one per cent of Nchanga's issued ordinary share capital is held on behalf of the Government of Zambia by **Mindeco Limited (Mindeco)** in the form of 'A' ordinary shares and the remaining 49 per cent is held by **Zambia Copper Investments Limited ('ZCI')** in the form of 'B' ordinary shares.

In December 1970, arrangements were completed for the company to acquire the assets, liabilities and obligations of **Kansanshi Copper Mining Company Limited** with retrospective effect to 1st July 1970. In exchange, the company issued 649 589 new 'A' ordinary shares to **Mindeco** and 624 115 'B' ordinary shares to **ZCI** thereby maintaining **Mindeco's** 51 per cent and **ZCI's** 49 per cent interests in the company.

In terms of arrangements completed on 28th June 1971, with retrospective effect to 1st January 1971, the company acquired the mining assets, undertakings and liabilities of **The Zambia Broken Hill Development Company Limited**, a lead and zinc producer at **Kabwe** some 200 kilometres south of the **Copperbelt**, in exchange for the issue to **ZCI** of 812 500 additional 'B' ordinary shares and of a Note for US\$2 275 000. The Note is repayable at par by 31st December 1975 and bears interest at the rate of 7 per cent per annum. **Mindeco** simultaneously subscribed in cash at par for 845 663 'A' ordinary shares, thereby maintaining its 51 per cent interest in the company, of which **Broken Hill** is now an operating division.

Fifteen months period ended 31st March 1971.

Issued capital: K250 996 650 in 63 527 489 'A' ordinary shares of K2 each and 61 036 215 'B' ordinary shares of K2 each and 434 000 5½ per cent and 500 621 5 per cent redeemable cumulative preference shares of K2 each.

Share capital and reserves: K308 303 000.

Long-term loans: K25 192 000.

	15 months to 31st March 1971
Production of finished copper (metric tons)	494 816
Copper sales (tons)	475 983
Total sales revenue—all metals	K448 807 000
Profit before taxation	K203 729 000
Taxation	K106 845 000
Profit after taxation	K96 884 000

Dividends:

Ordinary –'A' and 'B' shares	K51 000 000
Preference shares	K67 000

All financial figures are expressed in **Zambian** currency.

Administered outside the Anglo American Corporation Group

The Messina (Transvaal) Development Company Limited

The company mines copper in the **Transvaal** and in **Rhodesia** and has interests in property, motor vehicle manufacturing and finance companies.

Year ended 30th September 1971.

Issued capital: 10 850 000 stock units of 50 cents each fully paid.

	1971	1970
Production of finished copper—metric tons	34 814	32 448
Average price per ton	R777	R1 089
Consolidated profit before taxation	R9 043 000	R20 081 000
Taxation	R1 825 000	R6 214 000
Consolidated profit after taxation and deduction of minority shareholders' interests	R6 718 000	R10 362 000
Earnings per share	62c	95c
Dividends:		
Amount paid	R4 123 000	R4 882 000
Per stock unit	38c	45c

Roan Consolidated Mines Limited

The company operates copper mines on the **Zambian Copperbelt** at **Mufulira**, **Luanshya**, **Chibuluma**, **Chambishi** and **Kalengwa**, and a copper refinery at **Ndola**. The company acquired **Baluba Mines Limited** during 1971, and production from the mine (which is now part of the **Luanshya** division) is planned to begin in 1973. Fifty-one per cent of the company's issued ordinary share capital is held on behalf of the Government of Zambia by **Mindeco Limited** in the form of 'A' ordinary shares.

Zambia Copper Investments Limited holds 12.25 per cent of the equity in the form of 'B' ordinary shares.

Year ended 30th June 1971.

Issued capital: K121 260 264 in 15 460 684 'A' ordinary shares of K4 each and 14 854 382 'B' ordinary shares of K4 each.

Share capital and reserves: K197 490 000.

Debenture stock and loans: K9 544 000.

	1971
Production of finished copper—metric tons	250 355
Copper sales—tons	258 103
Average proceeds—per ton	K822
Total sales revenue	K218 772 000
Profit before taxation	K84 890 000
Taxation	K36 049 000
Profit after taxation	K48 841 000
Net dividends (ordinary):	
'A' and 'B' shares	K22 009 000

All financial figures are expressed in **Zambian** currency.

Other mining

The Corporation has direct and/or indirect interests in various other mining companies in **South Africa**, **South West Africa**, **Swaziland**, **Rhodesia** and **Canada**. Brief particulars of some of these companies are recorded under two headings: administered within the **Anglo American Corporation Group**; and administered outside the **Anglo American Corporation Group**.

Administered within the Anglo American Corporation Group

Iron Duke Mining Company Limited

The company mines pyrites in **Rhodesia**.

Year ended 30th June 1971.

Issued capital: £400 000 in 800 000 ordinary shares of 50 cents each.

	1971	1970
Profit before taxation	\$129 913	\$112 893
Taxation	\$45 393	\$38 631
Profit after taxation	\$84 520	\$74 262
Dividends:		
Amount paid	\$60 000	\$60 000
Per share	7.5c	7.5c

All amounts expressed in **Rhodesian** currency.

Swaziland Iron Ore Development Company Limited

The company operates an iron ore mine at **Ngwenya** in **Swaziland**, and is fulfilling the following contracts for the supply of iron ore to **Japan**:

- (a) 14.7 million metric tons of high-grade lump ore over the period to 1975;
- (b) 5.2 million metric tons of high-grade fines over the period to 1975; and,
- (c) 7.3 million metric tons of medium-grade ore for the period to 1978.

Administered outside the Anglo American Corporation Group

Hudson Bay Mining and Smelting Co. Limited

The company operates eight mines in **Manitoba** and **Saskatchewan**. Three mines are being developed and will begin production by mid-1972: two in the **Flin Flon/Snow Lake** area and one in the **Yukon**. In addition, the company has two undeveloped copper/zinc properties in the **Flin Flon/Snow Lake** area of **Northern Manitoba**.

The base metal mining and metallurgical operations in the **Flin Flon/Snow Lake** area were shut down by a five-month strike. Full production was not regained until the latter part of July 1971. This, coupled with the rising operating costs and falling metal prices, drastically reduced the company's earnings.

Other interests include a copper interest in the **Yukon (Whitehorse Copper Mines Limited)**, a copper interest in **northern British Columbia (Stikine Copper Limited)** and an interest in an iron deposit on the northern tip of **Baffin Island (Baffinland Iron Mines Limited)**. **Hudson Bay**, through majority control of **Francana Oil and Gas Limited**, has oil and natural gas interests in **Western Canada**, in the **Arctic Islands** and

Copper and other mining interests

of the east coast of Canada. Through wholly-owned Hudcana Development Corporation Limited, Hudson Mining has a controlling interest in a sodium sulphate producer in Saskatchewan, Francana Minerals Limited (60 per cent), which in turn owns 100 per cent of Sodium Sulphate (Saskatchewan) Limited.

The base metal mines produce complex ores from which the company recovers copper, zinc, gold, silver, uranium, selenium and lead concentrates.

Sylvite of Canada, the potash division of the company, operates a mine and refinery in Saskatchewan and production of 501 826 tons was achieved for the calendar year. Terra Chemicals International Inc., in which Hudson Bay has a 15 per cent interest, with option to increase this interest to 25 per cent, operates a 600-ton-a-day ammonia plant near Sioux Falls, S.D. Sylvite of Canada is the principal supplier of potash to Terra's potash requirements.

During 1971, the company issued \$25 000 000 in 9 per cent twenty-year debentures to help finance its capital expenditure programme.

As at 31st December 1971,

Capital stock: \$45 925 526 in 9 040 833 shares at par value.

Shareholders equity: \$148 439 621.

	1971	1970
Revenue from metals, metal products, oil and gas related taxes on	\$60 606 500	\$86 029 681
Earnings	\$1 330 000	\$6 153 000
Dividend per share	\$3 008 977	\$19 563 052
	33c	216c

Amount paid per share	\$4 520 416	\$10 698 234
	50c	118c
Investments in companies	\$10 853 800	\$10 057 664
Investments in real securities	\$2 541 190	\$2 541 190

Production:		
Copper (metric tons)	37 338	71 324
Lead (metric tons)	28 065	153 470
Refined copper (tons)	24 483	38 263
Selenium (kg)	28 065	40 736
Gold (oz)	27 635	55 188
Gold (g)	859 531	1 564 552
Silver (oz)	504 021	865 141
Silver (g)	15 676 565	24 526 315
Lead concentrates (tons)	322	772

All amounts expressed in Canadian currency.

	1971	1970
Sales proceeds	£2 437 699	£1 807 556
Consolidated profit before taxation	£766 927	£387 354
Taxation	£286 400	£164 500
Consolidated profit after taxation	£480 527	£222 854
Dividends:		
Amount paid	£319 084	£212 722
Per share*	15p	10p

*Less U.K. tax at the appropriate rate.

All amounts expressed in United Kingdom currency.

Tsumeb Corporation Limited

The company mines copper, lead, silver and zinc in South West Africa, and in addition produces cadmium, arsenic trioxide and sulphuric acid.

Year ended 30th June 1971.

Issued capital: R2 000 000 in 4 000 000 shares of 50 cents each.

	1971	1970
Production:		
Copper (metric tons)	27 207	26 677
Lead (tons)	62 141	65 372
Zinc (tons)	7 040	7 893
Cadmium (kg)	266 406	314 723
Silver (g)	44 361 218	38 231 178
Silver (troy ozs)	1 426 245	1 229 160
Sales proceeds	R38 599 886	R53 578 729
Profit before taxation	R15 493 418	R30 566 352
Taxation	R5 579 603	R9 862 219
Profit after taxation	R9 913 815	R20 704 133
Dividends:		
Amount paid	R15 000 000	R18 500 000
Per share	R3.750	R4.625

The South West Africa Company Limited

The company mines lead, zinc, vanadium, tin and wolfram ores in South West Africa.

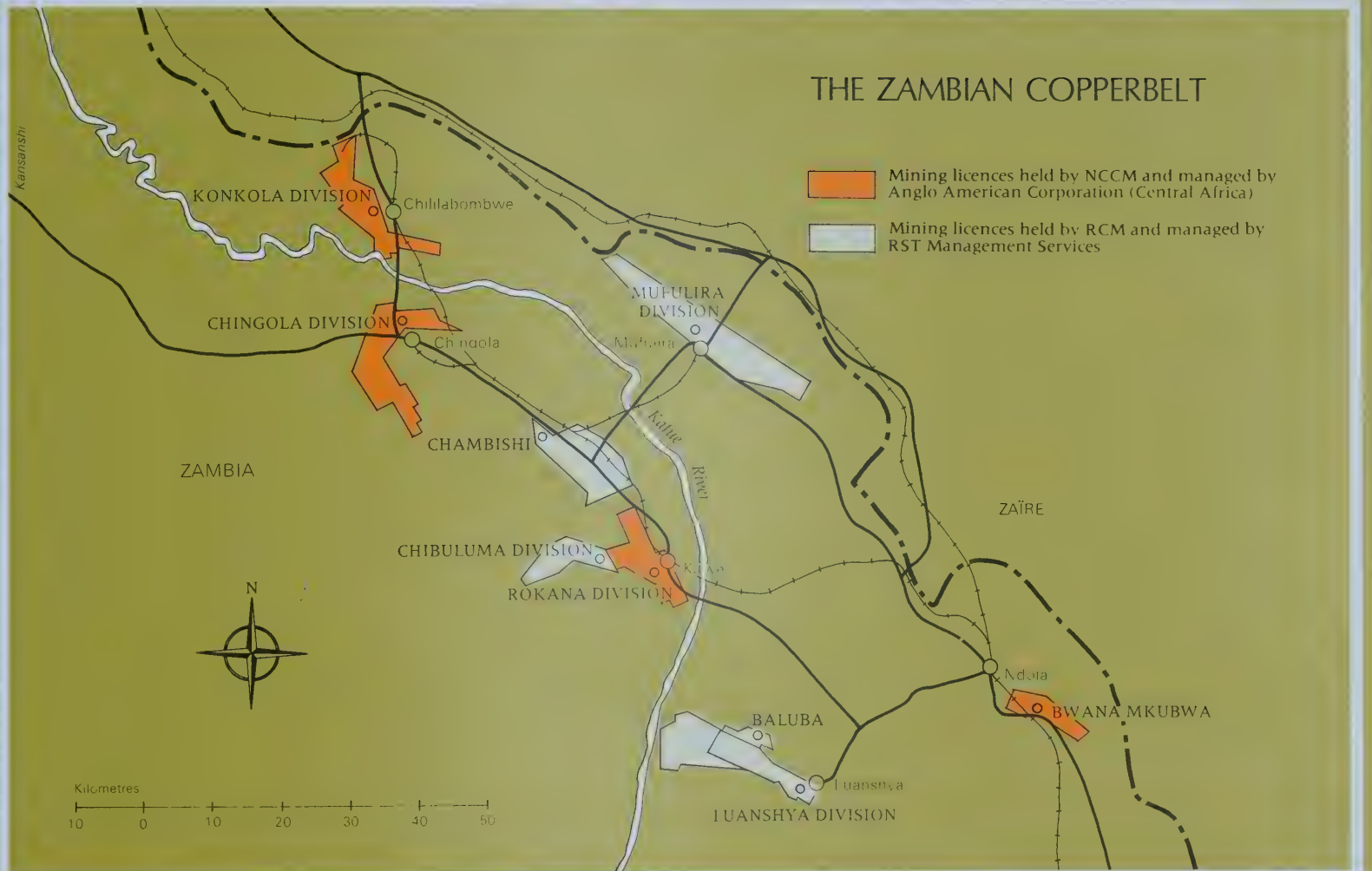
Year ended 30th June 1971.

Issued capital: £425 446 in 2 127 228 ordinary shares of 20p each.

Group share capital and reserves: £1 856 835.

	1971	1970
Concentrates produced: (metric tons):		
Lead/vanadate	8 197	4 274
Zinc/lead sulphide	7 319	16 004
Zinc silicate	23 674	30 598
Tin/wolfram	595	478
	<u>39 785</u>	<u>51 354</u>

THE ZAMBIAN COPPERBELT



Coal interests

The Corporation has, through African and European Investment Company Limited, Anglo American Corporation Rhodesia Limited and The Vereeniging Estates Limited, indirect interests in a number of colliery companies. Brief particulars of the operations and activities of some of the collieries in which these companies have a substantial shareholding are recorded under two headings: administered by Anglo American Corporation; and administered by Stafford Mayer Company South Africa Limited.

Administered by Anglo American Corporation

Amalgamated Collieries of South Africa Limited

Year ended 31st December 1971.

Issued capital: R6 220 000 in shares of R2 each.

	1971	1970
Coal sales—metric tons:		
Cornelia Colliery	2 960 166	2 934 909
Springfield Collieries Limited*	2 728 736	2 778 878
	<u>5 688 902</u>	<u>5 713 787</u>

Consolidated profit before taxation	R2 120 000	R2 225 000
	R636 000	R463 000

Consolidated profit after taxation	R1 484 000	R1 762 000
Dividends:		

Amount paid	R1 244 000	R1 150 000
Per share	40c	37c

Trade and other investments at cost	R1 789 000	R1 778 000
Income derived from investments	R244 000	R247 000

*Subsidiary company.

Blesbok Colliery Limited

Year ended 31st December 1971.

Issued capital: R1 540 000 in shares of 50 cents each.

	1971	1970
Coal sales—metric tons	495 498	592 041
Profit before taxation	R304 331	R332 919
Taxation	R76 553	R115 872
Profit after taxation	R227 778	R217 047
Dividends:		
Amount paid	R184 800	R184 800
Per share	6c	6c

The Coronation Collieries Limited

Year ended 31st December 1971.

Issued capital: R3 600 000 in shares of 50 cents each.

(The company owns 65.45 per cent of the issued capital of Vryheid Coronation Limited.)

	1971	1970
Coal sales ex Bank Colliery—metric tons	1 649 641	1 467 463
Coke sales ex Vryheid Coronation Limited—metric tons	616 587	557 941
Consolidated profit before taxation	R1 938 000	R2 337 000
Taxation	R599 000	R505 000
Consolidated profit after taxation and deduction of minority shareholders' interests	R996 000	R1 375 000

Dividends:	1971	1970
Amount paid	R648 000	R864 000
Per share	9c	12c
Trade and other investments at cost	R888 000	R887 000
Income derived from investments	R415 000	R605 000

Ingagane Colliery (Proprietary) Limited

Year ended 30th June 1971.

Issued capital: R1 950 000 in shares of R2 each.

	1971	1970
Coal sales—metric tons	337 105	345 538
Profit for the year	R29 545	R49 552

Natal Coal Exploration Company Limited

Year ended 30th June 1971.

Issued capital: R2 500 000 in shares of 50 cents each.

With the closure of the mine in October 1968, the company's business is confined to the receipt of royalty income from:

(1) the lease of its bituminous coal trade allocation to three other producing collieries in Natal;

(2) the lease of its coal reserves in the Mooi Krantz area to The Natal Cambrian Collieries Limited.

The company also receives certain rents from houses leased in the mine village.

Net profit for the year amounted to R124 000 (1970: R68 000). A dividend of 2.5 cents (1970: 1.0 cent) a share absorbed R125 000 (1970: R50 000), leaving an unappropriated profit of R17 000 (1970: R18 000).

With the exception of the mine property and village, covering an area of 762 hectares, there are no other realisable assets at the mine.

New Largo Colliery Limited

Year ended 30th June 1971.

Issued capital: R1 600 000 in shares of 50 cents each.

	1971	1970
Coal sales—metric tons	1 251 029	1 205 250
Profit before taxation	R443 480	R467 027
Taxation	R136 798	R163 512
Profit after taxation	R306 682	R303 515
Dividends:		
Amount paid	R288 000	R288 000
Per share	9c	9c

South African Coal Estates (Witbank) Limited

Year ended 30th June 1971.

Issued capital: R2 000 000 in shares of R2 each.

	1971	1970
Sales—metric tons:		
Steam coal—Landau No. 3 Colliery	1 382 000	1 343 541
Blend coking coal—Navigation and Landau No. 3 collieries	441 622	483 132
	<u>1 823 622</u>	<u>1 826 673</u>
Profit before taxation	R569 000	R613 000
Taxation	R146 000	R169 000
Profit after taxation	R423 000	R444 000
Dividends:		
Amount paid	R400 000	R420 000
Per share	40c	42c

The company is scheduled to be the first to deliver low-ash coal to Japanese steel mills in terms of a contract concluded in March 1971, between certain

Japanese steel companies and The Transvaal Coal Owners Association (1923) (Proprietary) Limited. Initial shipments will be made through Lourenco Marques at the rate of 100 000 metric tons a year from October 1972 until April 1976, when shipments are due to commence through the new deep water port to be constructed at Richards Bay. Thereafter the company's delivery rate will increase to approximately 500 000 tons a year for the remainder of the contract which extends until 1986.

Springbok Colliery Limited

Year ended 31st December 1971.

Issued capital: R2 400 000 in stock units of 50 cents each.

	1971	1970
Coal sales—metric tons:		
Steam coal	1 198 349	1 181 423
Blend coking coal	1 144 448	1 128 922
	<u>2 342 797</u>	<u>2 310 345</u>
Profit before taxation	R1 464 000	R1 603 000
Taxation	R446 000	R518 000
Profit after taxation	R1 018 000	R1 085 000
Dividends:		

Amount paid	R864 000	R864 000
Per stock unit	18c	18c

The company will participate to the extent of approximately 3.9 million metric tons in a contract concluded in March 1971 between certain Japanese steel companies and The Transvaal Coal Owners Association (1923) (Proprietary) Limited for the supply of 27.8 million metric tons of metallurgical coal over a 14-year period starting in 1972.

Vierfontein Colliery Limited

Year ended 30th June 1971.

Issued capital: R2 000 000 in shares of 50 cents each.

	1971	1970
Coal sales—metric tons	1 550 000	1 469 000
Profit before taxation	R546 000	R514 000
Taxation	R191 000	R168 000
Profit after taxation	R355 000	R346 000
Dividends:		
Amount paid	R340 000	R320 000
Per share	8.5c	8c

Wankie Colliery Company Limited

Year ended 31st August 1971.

Issued capital: \$12 666 744 in shares of \$1 each.

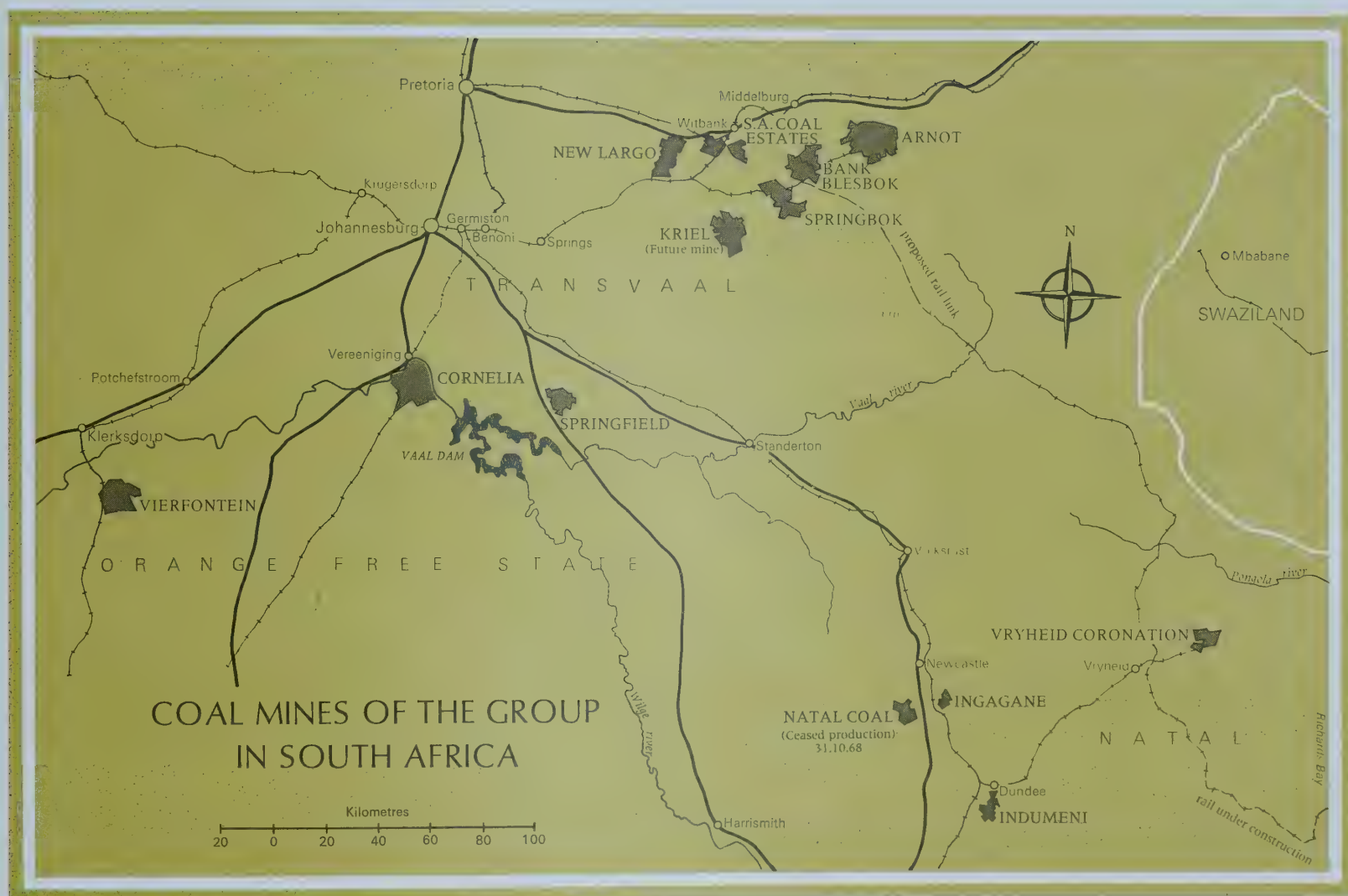
	1971	1970
Sales—metric tons:		
Coal	3 092 533	3 170 820
Coke	268 689	225 054
Profit before taxation	\$3 483 000	\$4 106 000
Taxation	\$932 000	\$1 210 000
Profit after taxation	\$2 551 000	\$2 896 000
Dividends:		
Amount paid	\$1 900 000	\$1 900 000
Per share (net)	15c	15c
Quoted investments:		
Book cost	\$3 080 000	\$3 128 000
Market value	\$3 136 000	\$3 041 000
Unquoted investments:		
Loans	\$7 697 000	\$7 697 000
Other	\$290 000	\$1 290 000

All financial figures are expressed in Rhodesian currency.

Zuinguin Natal Collieries Limited

Year ended 30th June 1971.

Issued capital: R700 000 in shares of 50 cents each.



	1971	1970
Coking coal sales—metric tons:*	302 843	303 615
Consolidated profit before taxation	R287 000	R273 000
Taxation	R4 000	R4 000
Consolidated profit after taxation	R283 000	R269 000
Dividends:		
Amount paid	R210 000	R182 000
Per share	15c	13c

*Sales by the subsidiary company, Indumeni Coal Mines Limited.

**Administered by Stafford Mayer
Company South Africa Limited**

Natal Anthracite Colliery Limited

Year ended 30th June 1971.

Issued capital: R1 284 140 in stock units of 50 cents each.

	1971	1970
Coal sales—metric tons	461 414	465 894
Consolidated profit before taxation	R1 000 507	R865 567
Taxation	R341 000	R272 000
Consolidated profit after taxation	R659 507	R593 567
Dividends:		
Amount paid	R385 242	R333 876
Per stock unit	15c	13c

The Newcastle-Platberg Colliery Limited

Year ended 30th June 1971.

Issued capital: R950 000 in shares of 50 cents each.

	1971	1970
Coal sales—metric tons	459 918	427 340
Profit before taxation	R377 118	R349 098
Taxation	R133 000	R111 500
Profit after taxation	R244 118	R237 598
Dividends:		
Amount paid	R95 000	R95 000
Per share	5c	5c

Industrial and commercial interests

The Corporation has interests, some direct and some through associated companies, including Anglo American Industrial Corporation Limited, in a number of industrial and commercial companies. Brief particulars of some of these companies are recorded under two headings: members of the Anglo American Corporation Group; and other industrial and commercial companies.

Members of the Anglo American Corporation Group

Boart and Hard Metal Products S.A. Limited

The company is a wholly-owned subsidiary of Anglo American Industrial Corporation Limited. Boart and Hard Metal Products group comprises 100 subsidiary and associated companies throughout the world engaged in the manufacture of diamond and tungsten carbide tipped drilling and certain of the companies undertake, on a contractual basis, surface and underground drilling and mining services. Pursuant to a recent agreement the parent company holds 80 per cent of the issued capital in Mining Equipment (U.K.) Limited, a company formed in the course of 1971 for the purpose of developing and marketing of mining equipment and exploiting new techniques, and its participation in Mining Equipment A.G. will be adjusted similarly. In Boart International Luxembourg S.A.H., a wholly-owned subsidiary, has acquired a 70 per cent interest in Stanlindustri A/S, a Norwegian drill producer, and a 100 per cent interest in Proprietary Limited, through which a success-fully made for a majority holding in Mindrill company which is listed on the principal stock exchanges and is one of the leaders in the manufacture of drilling equipment in the world.

Year ended 31st December 1971.
Share capital: R2 320 000 in 1 160 000 ordinary shares of R2 each

	1971	1970
Market value of investments	R1 395 000	R1 375 000
Cost of quoted investments	R1 967 000	R1 959 000
Shares in associated companies	R12 685 000	R11 918 000
Fixed assets	R17 956 000	R15 950 000
Excess of cost of shares over book value of net assets of subsidiary company	R1 020 000	R1 169 000
Consolidated profit before taxation	R5 427 000	R8 989 000
Minority provision	R2 197 000	R3 960 000
Consolidated profit after taxation and deduction of minority shareholders' interests	R1 680 000	R2 674 000
Dividends:		
Amount paid	R1 450 000	R2 030 000
Per share	125c	175c

Clay Products Limited

The company owns a factory near Bulawayo, Rhodesia, producing a wide range of refractory products and salt-glazed earthenware pipes and fittings.

Year ended 31st March 1971.
Issued capital: \$798 000 in 399 000 shares of \$2 each.

	1971	1970
Profit before taxation	\$151 215	\$191 566
Taxation	\$43 517	\$66 225
Dividends:		
Amount paid	\$79 800	\$79 800
Per share	10c	10c

All amounts expressed in Rhodesian currency.

Forest Industries and Veneers Limited

The company owns the entire issued capital of Peak Timbers Limited, which in turn owns timber plantations and operates a sawmill and logging fleet in Swaziland. Peak, which increased its operating profit to R357 000 compared with R150 000 the previous year, has embarked on an expansion programme incorporating the installation of a fifth kiln, the conversion of existing facilities at the sawmill for increased production of structural timber and the replacement of old vehicles in the logging fleet.

The company has a large shareholding in Bruynzeel Plywoods Limited.

Year ended 30th June 1971.
Issued capital: R6 290 303 in 6 274 509 ordinary shares of R1 each and 15 794 seven per cent cumulative participating preference shares of R1 each.
Share capital and reserves (consolidated): R6 593 000.

Loan capital:		
6½ per cent registered unsecured debenture stock—1978/83		R2 260 000
Registered secured redeemable convertible debenture stock—1985		R1 678 000
		<u>R3 938 000</u>
	1971	1970
Market value of quoted investment	R1 103 000	R1 477 000
Book cost of quoted investment	R1 181 000	R1 181 000
Consolidated profit	R264 000	R38 000

Highveld Steel and Vanadium Corporation Limited

Highveld Steel and Vanadium Corporation owns and operates an iron, steel and vanadium complex at Witbank in the Transvaal. Highveld, together with its wholly-owned subsidiaries, Transvaal Vanadium Company (Proprietary) Limited and Ironstone Minerals (Proprietary) Limited, holds mineral rights over areas containing proved iron ore reserves of 120 million tons and, in addition, certain mineral leases in the course of registration will vest in the group rights to a further estimated 60 million tons of ore.

Highveld operates both the Mapochs and the Kennedy's Vale iron ore mines, which supplied Highveld's full ore requirements during the year. Whilst the high-grade rubble magnetite ore at Kennedy's Vale is almost completely mined out, substantial tonnages of a somewhat lower but still satisfactory grade are still available for supply to the Vantra division. The establishment of the Northam mine in the Rustenburg district of the Transvaal has been postponed and it is not expected that this mine will commence operations before 1973.

The fifth pre-reduction kiln in the iron plant, which will have the effect of increasing the plant's capacity for the production of vanadium iron and will result in an increase in the production of steel and vanadium slag, has been commissioned. The furnace operations suffered a setback during the first half of 1971 due to recurrent electrode breakages which affected hot metal

production. However, these difficulties have been overcome and a far more satisfactory electrode performance is being achieved.

The major plant extensions, including the fourth kiln, have been commissioned at the Vantra division. As a result, Vantra's rated capacity for vanadium pentoxide production has been substantially increased.

During the year to 30th June 1971, Highveld achieved a net profit of R2.1 million. This resulted in a reduction of the R16.1 million accumulated loss to R14 million. Once again Highveld made a significant contribution to South Africa's foreign exchange earnings with exports during 1971 in excess of R20 million. Over the past three years, total exports have earned more than R50 million in foreign exchange.

The corporation's unaudited net loss for the half year ended 31st December 1971, after providing for interest of R2 780 489 and depreciation of R2 904 959, amounted to R1 859 166. This amount was marginally higher than the R1 750 000 loss forecast at the last Annual General Meeting and the reasons for this loss were fully set out in the interim statement made by the Chairman. Production in the iron plant continues to improve and, subject to the market conditions, it is anticipated that the substantially better position forecast for the first half of 1972 will be achieved.

Production from the steelworks for the six months ended 31st December 1971, and for the preceding six months, was as follows:

	Six months ended 31.12.71	Six months ended 30.6.71
Production (metric tons):		
Hot metal—total	157 838	154 289
Continuously cast blocks:		
For rolling	152 578	136 866
For sale	16 548	24 250
Total	<u>169 126</u>	<u>161 116</u>
Rolled products:		
Billets	43 166	29 602
Sections	95 263	98 601
Total	<u>138 429</u>	<u>128 203</u>
Vanadium slag—total	12 872	13 414

Year ended 30th June 1971.

	1971	1970
Issued capital	R56 301 000	R56 300 000
Share premium	R976 000	R978 000
Accumulated loss	R13 949 000	R16 074 000
Loans—long- and medium-term	R44 027 000	R43 928 000
Fixed assets	R101 819 000	R100 769 000
Trade investments, at cost	R5 277 000	R5 369 000
Net current liabilities	R19 741 000	R21 006 000

Long-term loans of DM100 000 000 (approximately R18 825 000) and U.S.\$20 000 000 (approximately R14 343 000) to both of which attach rights to subscribe for ordinary shares, were raised in Europe in 1966 and 1967. A loan of 65 000 000 Swiss francs was repaid on 12th July 1971 from the proceeds of a new loan of 65 000 000 Swiss francs which will mature on 12th June 1972.

Highveld has entered into forward exchange contracts with the South African Reserve Bank, securing the rate of exchange on payment of interest and repayment of the capital sums in respect of the loans mentioned above.

Hippo Valley Estates Limited

The company produces sugar, citrus and related products in Rhodesia.

Year ended 31st March 1971.
Issued capital: \$5 500 000 in 11 000 000 shares of 50 cents each.
Share capital and reserves: \$9 322 000 (excluding \$53 000 unappropriated profits).
Amounts expressed in Rhodesian currency.

Industrias de Caju Mocita Limitada

The company holds a licence to process 15 000 metric tons of cashew seed a year at João Belo in Mozambique. The company is the leading exporter of unroasted cashew kernels in Mozambique and has developed markets in more than 15 countries under the brand name Mocita.
In addition the company's subsidiary, Industrias de Caju, Antenes S.A.R.L., has established a second processing factory at Antonio Enes, north of Beira. This factory came on stream during April 1971.
The two factories will produce 300 000 cases of cashew kernels a year when full capacity throughput is achieved.

Mondi Paper Company Limited

The company was incorporated in December 1967 and the issued share capital is held as to 65.04 per cent by the Anglo American Corporation and De Beers groups, 21.68 per cent by Johannesburg Consolidated Investment Company Limited and 13.28 per cent by The Bowater Paper Corporation Limited.
The company's paper mill at Merebank, Durban, comprising a groundwood mill, a highspeed paper machine and a paper finishing department, came into production during the year. A second paper machine came on stream in March 1972.
Mondi plans to produce 160 000 metric tons a year, consisting principally of newsprint and wood-free fine papers. Some gravure and mechanicals and telephone directory paper will also be produced.

Scaw Metals Limited

Year ended 31st December 1971.
The company, which is a wholly-owned subsidiary of Anglo American Industrial Corporation Limited, operates in three major fields, namely:
(a) Ferrous and non-ferrous castings;
(b) Rolled steel products in the merchant bar range;
(c) Grinding media for mining and cement industries.
The cast ferrous products include railroad components such as freight car wheels and bogie castings.
The taxed profit of the Scaw Metals group of companies for the twelve months to December 1971 was R4 066 000 compared with R4 866 000 for the eighteen months to December 1970.
The company has investments in Highveld Steel and Vanadium Corporation Limited and Ferrous Scrap Distributors (Proprietary) Limited.

Soetvelde Farms Limited

The company was formed to consolidate and develop the farming interests of the Anglo American Corporation and De Beers groups.
Its operations embrace a wide range of activities over large areas in the Transvaal, Orange Free State and the northern Cape.
Dawn Orchards Limited, a wholly-owned subsidiary, produces deciduous fruit for the export and home markets on its farm in Elgin in the Cape.
Debshan Ranches (Private) Limited, another wholly-owned subsidiary, has an extensive cattle ranching operation near Gwelo, Rhodesia.

Stone and Allied Industries (O.F.S.) Limited

The company is a wholly-owned subsidiary within the Anglo American Industrial Corporation group. The company and its subsidiaries produce crushed rock for the railways, the building and construction industry and for road construction at plants in Welkom, Carletonville and Phalaborwa. In addition, the company manufactures concrete underground supports for the Orange Free State gold mines and has a subsidiary in Welkom making concrete products.

Transalloys (Proprietary) Limited

The company produces ferro-alloys at a plant in Witbank, Transvaal. The Air Reduction Company Inc. of New York, with whom the company has a marketing agreement and who provide technical advice, holds a 35 per cent interest in the company. The Anglo American Corporation Group holds a 55 per cent interest and Avesta Jernverks Aktiebolag of Avesta, Sweden, a 10 per cent interest. The company made a profit of R402 000 in 1971.

Vereeniging Refractories Limited

The company manufactures refractory products, salt-glazed earthenware pipes and fittings, building bricks and Stalton prestressed beams and lintels. A subsidiary, Vereeniging Tiles Limited, produces concrete roofing tiles in Vereeniging, Cape Town, Port Elizabeth and Benoni.
The company, in association with Cullinan Refractories Limited, owns Vitro Clay Pipes Limited which produces earthenware sewer pipes.
Year ended 31st December 1971.
Issued capital: R3 500 000 in 5 000 000 ordinary shares of 50 cents each and 500 000 5½ per cent cumulative non-redeemable preference shares of R2 each.
Share capital and reserves (consolidated): R15 696 000.

	1971	1970
Fixed assets less depreciation	R12 423 000	R11 394 000
Group profit before taxation	R3 954 000	R3 876 000
Taxation	R1 175 000	R1 391 000
Group profit after taxation and deduction of minority shareholders' interests and preference dividend	R2 641 000	R2 293 000
Earnings per ordinary share	53c	46c
Dividends (ordinary):		
Amount paid	R1 200 000	R1 100 000
Per share	24c	22c

Zinc Products Limited

The company produces zinc dust for the gold mines and the paint industry, and zinc oxide for use in the rubber, paint, ceramic, pharmaceutical, agricultural and chemical industries. The company's wholly-owned subsidiary, Metal Refineries (Proprietary) Limited, operates a lead smelting, refining and alloying plant.
Two other subsidiaries of Zinc Products Limited are Trochem (Proprietary) Limited, which manufactures guar gum and other specialised flocculants and depressants and Wheel Weights (Proprietary) Limited, which manufactures wheel balancing weights for the motor industry.

Other industrial and commercial interests

African Explosives and Chemical Industries Limited

The company produces heavy chemicals for fertilizers, explosives and a wide range of plastics and chemical products. In June 1971 it was announced that the Government had approved the construction of a 300 000 metric ton a year ammonia production complex at Modderfontein. The complex, which is expected to be commissioned in 1974, will include an ammonia plant and other 'down the line' plants which will use ammonia as a raw material for the manufacture of fertilizers and explosives. This complex is now estimated to cost R77 million. The existing ammonia plant at Modderfontein will be gradually phased out of production. With effect from 1st January 1971 the leather-cloth and motor trim business of Duroplastic Penta Industries (Proprietary) Limited has been acquired and will be merged with the company's existing activity in this field.
Year ended 31st December 1971.
Issued capital: R86 250 000 in 3 000 000 5½ per cent cumulative preference shares of R2 each and 80 250 000 ordinary shares of R1 each.
Share capital and reserves (consolidated): R142 304 000.
Loan capital: R18 885 000.

	1971	1970
Book value of fixed assets	R121 542 000	R123 584 000
Trade investments at cost	R18 601 000	R20 180 000
Net asset value per share	R1.70	R1.61
Consolidated profit before taxation	R30 883 000	R30 253 000
Taxation	R11 750 000	R11 700 000
Consolidated profit after taxation, deduction of outside shareholders' interests and preference dividend	R18 565 000	R18 018 000
Earnings per share	23.1c	22.5c
Dividends (ordinary):		
Amount paid	R11 636 000	R11 235 000
Per share	14.5c	14.0c

African Products Manufacturing Company Limited

The company produces maize starches, cornflour, dextrins, dextrose, glucose and kindred maize products at Germiston, Transvaal, and owns Maize Products Limited of Meyerton, Transvaal, and Glucose and Starch Products Limited, of Bellville, Cape Province.
Year ended 30th September 1971.
Issued capital: R3 633 450 in shares of R1 each.
Share capital and reserves (consolidated): R7 641 209.

	1971	1970
Consolidated profit before taxation	R1 075 334	R904 606
Taxation	R231 948	R237 742
Consolidated profit after taxation	R843 386	R666 864
Dividends:		
Amount paid	R545 018	R435 840
Per share	15c	12c

Bruynzeel Plywoods Limited

The company manufactures veneers, plywood, block-board, chipboard, veneered chipboard, doors, sawn

Industrial and commercial interests

timber, mouldings, laminated beams, wooden trusses and gumpoles.

Year ended 30th June 1971.

Issued capital: R5 436 025 in 200 000 5½ per cent cumulative preference shares of R2 each and 10 072 050 ordinary shares of 50 cents each.

Share capital and reserves (consolidated): R10 394 076.

	1971	1970
Profit before taxation	R1 661 532	R1 612 762
Taxation	R327 301	R386 624
Profit after taxation and preference dividend	R1 312 231	R1 204 138
Earnings per ordinary share	13,0c	12,0c
Dividends (ordinary):		
Amount paid	R453 242	R453 242
Per share	4,5c	4,5c

I. L. Clark and Company Limited

The I. L. Clark group operates the largest cotton ginning and cotton spinning in South Africa, distributes textiles to the textile and in addition, through a number of subsidiary and associated companies manufactures and supplies a wide range of air-conditioning and heating equipment.

Hulett Corporation Limited

The group's activities comprise sugar milling, cane crushing, paper milling, forestry, transport, property and finance. A particle board plant manufacturing products for the building, furniture and allied industries, and for the export market, began production towards the end of 1971.

Year ended 30th April 1971.

Issued capital: R25 900 000 in 20 400 000 ordinary shares of R1 each and 5 500 000 6½ per cent cumulative redeemable preference shares of R1 each.

Share capital and reserves (consolidated): R84 649 000. Loan capital and deferred taxation: R23 600 000.

	1971	1970
Book value of fixed assets	*R109 771 000	R105 152 000
Market value of quoted investments	R228 000	R262 000
Book value of quoted investments	R43 000	R43 000
Net asset value of ordinary shares (quoted investments at market value)	R3,89	R3,78
Consolidated profit before taxation	R9 547 000	R10 257 000
Taxation	R2 882 000	R3 802 000
Consolidated profit after taxation, deduction of minority shareholders' interests and preference dividend	R5 554 000	R5 394 000
Earnings per ordinary share	27,2c	26,4c
Dividends (ordinary):		
Amount paid	R3 570 000	R3 315 000
Per share	17,50c	16,25c

*As at 30th April 1971 a proportion of the group's assets were revalued to give an increase of R1,9 million (1970: R38 million) to the total asset value of the group.

During April 1972, the members of this company agreed to increase the company's ordinary share capital from R20,4 million to R30,6 million in shares of R1 each, and to capitalise its capital reserves to the extent

of the increase, namely R10,2 million, and to issue capitalisation shares to that nominal value to ordinary shareholders on or about 22nd May 1972.

The R10,2 million shares, credited as fully paid up are to be allotted to and distributed amongst the ordinary shareholders on the basis of one new ordinary share of R1 for every two ordinary shares of R1 held at 28th April 1972.

Industex Limited

The company operates cotton and cotton spun synthetic fibre spinning plants in Port Elizabeth and manufactures rayon and nylon tyre fabric and other types of fabrics used in the rubber industry, as well as other industrial fabrics such as filter fabric. A wholly-owned subsidiary operates a yarn dyeing and weaving plant and manufactures all types of towels, towelling products and bedspreads.

International Pipe and Steel Investments South Africa (Proprietary) Limited

International Pipe and Steel Investments South Africa (Proprietary) Limited (IPSA) was formed in 1970 by Anglo American Corporation of South Africa Limited, South African Iron and Steel Industrial Corporation Limited, Metkor Investments Limited, African Gate Holdings Limited and British Steel Corporation. Companies in the Anglo American Corporation Group hold approximately 15 per cent of the capital of IPSA whilst 50 per cent is held by Iscor, Metkor and African Gate and approximately 35 per cent by British Steel.

The shareholding companies formed IPSA for the purpose of regrouping their existing respective interests in Vanderbijl Engineering Corporation Limited, Dorman Long (Africa) Limited and Stewarts and Lloyds of South Africa Limited, and these three companies are now subsidiaries of IPSA. As part of the regrouping, Stewarts and Lloyds acquired from African Gate that company's Tube and Pipe Division, and from British Steel the entire share capital of Baldwins Limited. Subsequently, the entire share capital of H. Incedon and Company (South Africa) Limited was acquired by Stewarts and Lloyds.

LTA Limited

The LTA group is engaged in a wide range of construction activities including commercial and residential building, industrialised building systems, prefabricated buildings, civil engineering and steel fabrication, through a number of subsidiary companies.

In October 1971 the company increased its authorised share capital to R24 081 200 by the creation of a further 7 500 000 ordinary shares of R1 each and 10 581 200 10 per cent cumulative convertible redeemable preference shares of R1 each. The preference shares were issued in December 1971 and the proceeds were used to repay a substantial portion of the amount drawn against the loan facilities of over R14 million made available to the LTA group by Anglo American Corporation.

Year ended 30th June 1971.

*Issued capital at 30th June 1971: R5 190 600 in 5 190 600 ordinary shares of R1 each.

Share capital and reserves (consolidated): R3 131 000.

	1971	1970
Consolidated loss before taxation		
(1970: profit)	(R3 196 000)	R2 527 000
Taxation	R1 333 000	R1 203 000
Consolidated loss after taxation and deduction of minority shareholders' interests		
(1970: profit)	(R4 658 000)	R1 262 000

	1971	1970
Loss on sale of investments and amount written off investments	R2 160 000	R2 051 000
Net asset value per share	85c	192c
Earnings per share before write-off of capital items	Nil	24,3c
Dividends:		
Amount paid	Nil	R1 038 000
Per share	Nil	20c

*Issued capital at the date of this report: R15 771 800 in 5 190 600 ordinary shares of R1 each and 10 581 200 10 per cent cumulative convertible redeemable preference shares of R1 each.

McCarthy-Main Holdings Limited

The company is owned jointly by McCarthy Rodway Limited and the Anglo American Corporation Group. The company holds 46,57 per cent of the ordinary share capital of Atkinson-Oates Motors Limited, which holds the franchises in various centres for the distribution of the Leykor, Peugeot, Toyota, Rambler and Mercedes Benz range of vehicles. It also owns 77,18 per cent of the ordinary share capital and 98,93 per cent of the preference share capital of Illings (Proprietary) Limited, importers and distributors of Mazda light commercial vehicles and passenger cars, Komatsu earthmoving equipment, forklift trucks and other specialised vehicles. The company acquired the Mack franchise for heavy duty trucks in August 1971 and commenced trading in 1972. In April 1971, Illings acquired approximately a 25 per cent interest in Prestige Ferry Services (Proprietary) Limited, with whom it had contracted for the exclusive distribution of Mazda vehicles. In order to preserve the continued distribution of vehicles, Illings increased its shareholding to 68,75 per cent in August 1971.

McCarthy-Main holds a 40 per cent interest in Metair Holdings (Proprietary) Limited which, in turn, holds a 57,20 per cent interest in Airco Engineering Limited. Airco is the sole South African distributor for Carrier International Limited of New York and manufacturer of air-conditioning, refrigeration, industrial heating and ventilation equipment and truck bodies for Toyota and Mazda vehicles. McCarthy-Main holds 15 per cent of the equity of Motor Assemblies Limited.

Middelburg Steel and Alloys (Proprietary) Limited

The company owns the entire issued share capitals of:

(a) R.M.B. Alloys (Proprietary) Limited, a land and plant-owning company;

(b) The Southern Cross Steel Company (Proprietary) Limited which produces ferro-chrome, other ferro-alloys, stainless steel ingots, sheet and plate;

(c) Thos. Begbie and Company Limited, which undertakes foundry work, structural engineering and provides a heavy plant maintenance service to the mining and steel industries; and

(d) Palmiet Chrome Corporation (Proprietary) Limited which produces ferro-chrome and other ferro-alloys.

To improve liquidity the company recently announced a capital reconstruction—see page 28 of the directors' report.

Rheem South Africa (Proprietary) Limited

The share capital of the company is held by Rheem International Inc. and Anglo American Industrial Corporation Limited with the controlling interest being held by Rheem International Inc.

The company manufactures steel containers under licence from the American parent company at factories near Durban, Natal and in Alberton, Transvaal.

Ropes and Mattings Holdings Limited

The company, through a number of subsidiary companies, manufactures a wide range of industrial, textile and cordage products.

Having regard to local trade conditions and the overall state of the economy, agreement has been reached between the company and Besnier Flotex in France for the company to continue to sell Flotex products on an import-merchant basis. The agreement to install a plant for the manufacture of these products in South Africa has been cancelled, but the company retains all rights to manufacture in South Africa and Australia.

The company raised medium- and long-term loans during the year in order to reduce short-term borrowings and to facilitate the financing of capital expenditure from time to time.

Year ended 30th June 1971.

Issued capital: R7 653 000 in ordinary shares of R1 each.

Share capital and reserves (consolidated): R19 779 000.

Loans:		
10½ per cent First mortgage debentures 1982/1991	R2 400 000	
Secured loan	R48 000	
Unsecured loans	R3 509 000	
	<u>R5 957 000</u>	
	1971	1970
		(16 months)

Book value of fixed assets (net)	R10 975 000	R9 940 000
Consolidated profit before taxation	R1 229 000	R2 240 000
Taxation	R253 000	R644 000
Consolidated profit after taxation attributable to holding company	R905 000	R1 440 000
Earnings per share (based on increased capital)	11,82c	18,81c
Dividends:		
Amount paid	R766 000	R1 125 000
Per share	10c	17c

South African Board Mills Limited

The company produces paperboard and felt base paper, and operates a sugar mill. A substantial interest is held in Balatum S.A. (Proprietary) Limited which utilises felt base paper for conversion into floor coverings, roofing felts and dampcourses.

Year ended 30th April 1971.

Issued capital: R4 937 500 in 9 075 000 ordinary shares of 50 cents each and 200 000 six per cent cumulative preference shares of R2 each.

Share capital and reserves (consolidated): R13 842 000.

	1971	1970
Consolidated profit before taxation	R2 336 000	R3 018 000
Taxation	R894 000	R1 206 000
Consolidated profit after taxation and preference dividend	R1 418 000	R1 788 000
Earnings per ordinary share	15,6c	19,7c
Dividends (ordinary):		
Amount paid	R726 000	R726 000
Per share	8c	8c

The South African Breweries Limited

The group operates breweries and hotels in the Republic of South Africa and in Rhodesia and has interests in breweries in South West Africa, Zambia and Mozambique. It also holds important interests in the wine and spirit industry, through its shareholding in Stellenbosch Wine Trust Limited, in property, and in the production and marketing of a wide range of food products and beverages in South Africa and Rhodesia. Jointly with Barlow Rand Limited, South African Breweries owns Ameshoff Street Investments (Proprietary) Limited, the holding company of Barsab Investment Trust Limited (BARSAB). BARSAB has a number of subsidiaries engaged in finance, the manufacture of footwear and paints and in the distribution of aircraft in South Africa. It also has a substantial shareholding in South African Breweries and Barlow Rand Limited.

The company acquired during the course of the year the entire equity of Alrode Brewing Company (Proprietary) Limited (formerly Whitbread (South Africa) (Proprietary) Limited) after that company had divested itself of all interests other than the production of beer. South African Breweries simultaneously acquired 50 per cent of the equity of Whitbread (South Africa) (Proprietary) Limited, a new company formed to undertake the marketing and distribution of the Whitbread products in South Africa. In July 1970 the company subscribed for a portion of the capital of a new subsidiary, Groovy Beverages (Proprietary) Limited, formed to can and distribute soft drinks. At 31st March 1971 the company held 52,4 per cent of that company's equity. During April 1971 the company disposed of its entire holding in Triomf Fertilizer and Chemical Industries Limited.

Year ended 31st March 1971.

Issued capital: R29 822 559,60 in 139 112 798 ordinary shares of 20 cents each and 1 000 000 6,2 per cent cumulative preference shares of R2 each.

Total share capital and reserves (consolidated): R133 730 000.

	1971	1970
Long-term liabilities:		
Registered unsecured notes	R8 000 000	R8 000 000
Convertible debenture stock	R3 037 000	R3 037 000
Other debentures and loans	R13 823 000	R13 806 000
	<u>R24 860 000</u>	<u>R24 843 000</u>

Book value of fixed assets	R157 099 000	R140 933 000
Operating surplus	R22 783 000	R20 272 000
Tax	R7 444 000	R6 561 000
Consolidated profit after tax, deduction of minority interests in subsidiaries and preference dividend	R14 033 000	R11 820 000
Dividends (ordinary):		
Amount paid	R8 347 000	R7 632 000
Per share	6,0c	5,5c

The Union Steel Corporation (of South Africa) Limited

The company owns steel works at Vereeniging where it produces rolled, drawn, forged and cast steel products as well as copper and aluminium conductors and wire. Its wholly-owned subsidiary, Veldmaster (Proprietary) Limited, manufactures agricultural discs and parts.

The planning and implementation of the steel expansion programme at the company's Vereeniging complex, estimated to cost between R12 million and

R15 million, continues in co-operation with the company's overseas consultants.

In 1971 Union Steel Corporation formed Usco Cable Company (Proprietary) Limited in partnership with Southwire Company of the United States to produce and market a unique aluminium alloy used in insulated electric wires and cables. The new company, in which Union Steel holds a 51 per cent interest, will establish its factory adjacent to Usco Aluminium Corporation's aluminium wire and conductor plant at Richards Bay.

Year ended 31st December 1971.

Issued capital: R15 005 000 in 29 010 000 ordinary shares of 50 cents each, 125 000 preference 'A' shares of R2 each and 125 000 preference 'B' shares of R2 each.

Total share capital and reserves: R25 454 000.	1971	1970
Book value of fixed assets	R15 951 000	R10 494 000
Consolidated profit before tax	R2 722 000	R4 352 000
Tax	R1 076 000	R1 747 000
Consolidated profit after tax and preference dividend	R1 606 000	R2 560 000
Dividends (ordinary):		
Amount paid	R943 000	R1 305 000
Per share	3,25c	4,50c

Tiger Oats and National Milling Company Limited

The company operates through a number of wholly-owned subsidiary companies producing a wide variety of foodstuffs. The company has a wholly-owned subsidiary in Holland and subsidiaries and other interests in the United Kingdom.

Year ended 30th June 1971.

Issued capital: R11 610 575 in 10 860 575 ordinary shares of R1 each and 375 000 5½ per cent cumulative preference shares of R2 each.

	1971	1970
Consolidated profit before tax	R7 025 000	R5 715 000
Tax	R2 616 000	R2 047 000
Consolidated profit after tax, deduction of minority interests and preference dividend	R4 340 000	R3 617 000
Net asset value per share	391c	354c
Earnings per share	40c	35c
Dividends (ordinary):		
Amount paid	R2 172 000	R2 064 000
Per share	20c	19c

Union Carriage and Wagon Company Limited

The company is the biggest single supplier of railway rolling stock and electric locomotives to the South African Railways and produces rolling stock for sale to other railway authorities and private operators in Southern Africa. The company was recently awarded a R22 million contract by South African Railways to build 355 Main Line coaches.

The company has achieved a local content of about 60 per cent on electric locomotives and 95 per cent on passenger coaches. This achievement has saved South Africa more than R200 million in foreign exchange since the company started operations.

The company also supplies industrial diesel electric and diesel hydraulic locomotives.

A most satisfactory order book ensures that the company can look forward to some further improvement in volume and profit.

Property interests

The Corporation has substantial interests in various property owning and property development companies in South Africa. Brief particulars are given below of the Corporation's major interests in this field.

Anglo American Properties Limited

The company was formed in 1970 when City Developments Limited (C.D.L.) a quoted property development company, managed by Union Acceptances Limited, merged with Anglo American Property Investments Limited (A.A.P.), an unquoted company which held the principal property interests of the Anglo American Corporation Group. C.D.L. changed its name to Anglo American Properties Limited (Amaprop) on 26th November 1970 and has since 1st December 1970 been managed by the Corporation. Amaprop is the vehicle for the property investments of the Anglo American Corporation Group.

The company has a well diversified spread of investments both as to type and geographical location with an asset value of R53,46 million. The company has interests in completed buildings and developments under construction in most major cities of South Africa including city centre office and shopping complexes, retail shopping complexes and residential and apartment blocks. In addition it has land and township developments in Natal and Cape Province.

ended 28th February 1971.

Capital and reserves (consolidated): R30 426 000.

	1971	1970
Issued capital:		
Ordinary shares of 50 cents each	R10 396 000	R6 250 000
Preferred ordinary shares of 50 cents each	R5 334 000	—
	<u>R15 730 000</u>	<u>R6 250 000</u>
Liabilities:		
Convertible first mortgage debentures	R10 939 000	R3 320 000
First mortgage bonds	R1 963 000	R1 431 000
Unsecured loans	<u>R5 000 000</u>	<u>R4 790 000</u>
	<u>R17 902 000</u>	<u>R9 541 000</u>
Book value of fixed assets	R29 931 000	R20 797 000
Market value of quoted investments	R872 000	—
Book cost of quoted investments	R979 000	—
Book cost of unquoted investments	R10 673 000	R1 239 000
Consolidated profit before taxation	R2 336 000	R1 100 000
Taxation	<u>R830 000</u>	<u>R418 000</u>
Consolidated profit after taxation and deduction of minority shareholders' interests	R1 326 000	R673 000
Earnings per ordinary share	6,38c	5,38c
Dividends (ordinary):		
Amount paid	R874 000	R500 000
Per share	5c	4c

Carlton Centre Limited

This company is engaged in the construction of the Carlton Centre complex in the central business district of Johannesburg. The project is one of the largest com-

mercial building developments presently under construction in the world.

The Carlton Centre project, initiated jointly by the Anglo American Corporation Group (45 per cent), The South African Breweries Limited (45 per cent) and Barclays National Bank Limited (10 per cent), is estimated to cost between R85 million and R88 million. When completed the complex will comprise a 50-storey office tower, a 30-storey international-class hotel, two large retail department stores, 200 other shops, an exhibition hall covering 5 300 square metres and parking facilities for 2 000 cars.

The entire project is expected to be completed during the second half of 1973.

Year ended 30th June 1971.

Issued share capital: R10 000 000 in 20 000 000 ordinary shares of 50 cents each.

Loan capital: R34 000 000 8½ per cent first mortgage convertible debentures 1979/1996 fully paid. R10 000 000 7½ per cent second mortgage debentures 1977/2001 fully paid.

Statutory and other information: subsidiary companies

(a) Changes in the directorates of subsidiary companies.

	<i>Appointments</i>	<i>Resignations</i>			
AFRICAN AND EUROPEAN INVESTMENT COMPANY LIMITED	N. F. Oppenheimer 1.10.71 E. P. Gush 8.2.72	Sir Albert Robinson 30.9.71 D. O. Beckingham 7.2.72	AUSTRALIAN ANGLO AMERICAN SERVICES LIMITED (formerly ANGLO AMERICAN CORPORATION (AUSTRALIA) LIMITED)	G. H. Waddell P. A. L. Gordon L. G. Stopford-Sackville 18.6.71 V. W. Hall 14.1.72	Sir Albert Robinson S. R. N. Heath E. D. Little 17.6.71
AFRICAN LOANS & INVESTMENTS LIMITED	J. A. Pool 10.8.71 B. A. Tomsett 25.1.72	C. Carrington 9.8.71 R. P. Edey 24.1.72	BLUE SKIES (PRIVATE) LIMITED	G. H. Waddell 1.2.72	J. Ogilvie Thompson 31.1.72
ANGBORNE INVESTMENTS AUSTRALIA PROPRIETARY LIMITED	G. H. Waddell C. D. M. Melville L. G. Stopford-Sackville P. A. L. Gordon E. Hyman J. S. Kerr 12.7.71 V. W. Hall 14.1.72		CELLO SECURITIES LIMITED	J. D. Taylor, Q.C. 23.12.71	A. B. McKerron 23.12.71
			EGRET INVESTMENTS LIMITED	J. A. Pool 25.1.72	R. P. Edey 24.1.72
			*ENGELHARD HANOVIA, INC.	G. A. Carey-Smith 4.5.71	
ANGLO AMERICAN CORPORATION (CENTRAL AFRICA) LIMITED	D. E. MacIver V. I. Webber 23.8.71	D. A. Etheredge M. W. Stephenson 22.8.71 P. H. A. Brownrigg 23.9.71	EXCHANGE BUILDINGS (PROPRIETARY) LIMITED	P. Scott V. Wilson-Taylor 28.10.71	A. J. de Knoop E. P. Gush M. R. Rankin D. L. Titlestad 27.10.71
ANGLO AMERICAN CORPORATION SERVICES LIMITED	C. C. W. Parke 1.1.72	A. L. Thornton 31.12.71	HEADSTONE INVESTMENTS LIMITED	R. P. Edey 12.1.71 A. M. Doull G. M. Holford J. A. Pool 25.1.72	P. J. L. Crokaert 11.1.71 R. P. Edey R. M. Crawford G. P. Gardiner 24.1.72
ANGLO AMERICAN INTERNATIONAL (U.K.) LIMITED	M. W. Stephenson 1.1.72 R. J. Armitage 1.2.72	J. B. Mudd, M.B.E., M.C. 31.12.71 S. Spiro 1.2.72	MARJORAM HOLDINGS LIMITED	E. P. Gush J. A. Pool 9.6.71 A. W. Mollatt 25.1.72	J. T. Goldfinch B. A. Tomsett 8.6.71 R. P. Edey 24.1.72
ANGLO AMERICAN NORTHERN PROPERTIES LIMITED	V. I. Webber 1.9.71	D. A. Etheredge 31.8.71	MIDWAY INVESTMENT LIMITED	D. L. Nairac 1.2.71	R. M. Crawford 1.2.71
ANGLO AMERICAN (RHODESIAN SERVICES) LIMITED	D. G. Nicholson 1.1.72	C. C. W. Parke 31.12.71	NEW RHODESIA INVESTMENTS LIMITED	G. H. Waddell 1.2.72	J. Ogilvie Thompson 31.1.72
ANGLO EUROPEAN HOLDINGS LIMITED	P. M. Odd 15.6.71		ORIOLE INVESTMENTS LIMITED	E. P. Gush J. A. Pool 9.6.71 G. M. Holford 25.1.72	J. T. Goldfinch B. A. Tomsett 8.6.71 R. P. Edey 24.1.72
ANGLOSWAZI INVESTMENTS LIMITED	A. W. Mollatt 25.1.72		S.A. MINES SELECTION LIMITED	E. P. Gush 1.10.71	Sir Albert Robinson 30.9.71
ANMERCOSA COMPUTER SERVICES LIMITED	F. J. A. Howard 29.1.71 Hon. G. Devlin 24.6.71 W. E. Lawrie 23.7.71 B. J. Lawrenson 25.1.72 D. A. Etheredge 25.1.72	Dr. Z. J. de Beer 28.1.71 C. Carrington 23.6.71 D. E. MacIver 22.7.71 W. D. Wilson 24.1.72 M. C. O'Dowd 24.1.72	THATON LIMITED	J. A. Pool 25.1.72	R. P. Edey 24.1.72
			THE NEW ERA CONSOLIDATED LIMITED	N. F. Oppenheimer 1.10.71	Sir Albert Robinson 30.9.71
ANMERCOSA LAND AND ESTATES LIMITED	P. Scott 1.10.71 Dr. Z. J. de Beer V. Wilson-Taylor 28.10.71	Sir Albert Robinson 30.9.71 C. J. L. Griffith D. L. Titlestad 27.10.71	WALLABY NOMINEES PROPRIETARY LIMITED	P. A. L. Gordon E. Hyman J. S. Kerr 19.7.71 C. D. M. Melville 2.8.71 V. W. Hall 14.1.72	
ANMINES LIMITED	J. Ogilvie Thompson B.T.A. Hone P. M. Odd 2.6.71		WESTANDER PROPERTIES (PROPRIETARY) LIMITED	P. Scott V. Wilson-Taylor 26.10.71	M. R. Rankin D. L. Titlestad 25.10.71 A. J. de Knoop E. P. Gush 27.10.71
APPRAISED SECURITIES LIMITED	I. C. de Zwaan 1.1.72 G. H. Waddell 1.2.72	C. C. W. Parke 31.12.71 J. Ogilvie Thompson 31.1.72			

*Ceased to be a subsidiary on 1.12.71

(b) General

An ordinary resolution was passed by members of Anglo American Corporation (Australia) Limited at an extraordinary general meeting held on 1st July 1971, increasing the authorised capital by \$A800 000 to \$A1 000 000. At an extraordinary general meeting of members of the company held on 5th July 1971, special resolutions were passed adopting new Articles of Association and changing the company's name to Australian Anglo American Services Limited.

At an extraordinary general meeting of Anglux Limited S.A. held on 16th April 1971, the capital of the company was increased from US\$487 300 to US\$1 500 000 by the creation of a further 10 127 shares of \$100 each. The capital was further increased from US\$1 500 000 to US\$3 000 000 by the creation of an additional 15 000 shares of \$100 each at an extraordinary general meeting of members of the company held on 17th December 1971.

Anmercosa Computer Services Limited, at its annual general meeting held on 8th April 1971, dispensed with the necessity for the company to comply with the provisions of sub-section (9) of section 70 quin of the Companies Act.

Egret Investments Limited at its annual general meeting held on 2nd June 1971, passed a special resolution in terms of which the company dispensed with the necessity to comply with the provisions of sub-section (9) of section 70 quin of the Companies Act.

At an extraordinary general meeting of H.D. Development Limited held on 16th July 1971, the capital of the company was reduced by US\$233 800 from US\$25 444 730 in shares of US\$1 each (of which 25 414 545 shares had been issued) to US\$25 210 930 in shares of US\$1 each (of which 25 180 745 have been issued).

At an extraordinary general meeting of Hilux Holding S.A. held on 16th April 1971 the capital of the company was increased from 100 000 French francs to 1 000 000 French francs by the creation of a further 9 000 shares of 100 French francs each.

Marjoram Holdings Limited and Oriole Investments Limited at their annual general meetings held on 19th May 1971, passed special resolutions in terms of which the companies dispensed with the necessity to comply with the provisions of sub-section (9) of section 70 quin of the Companies Act.

Members of the Corporation who wish to receive copies of the annual reports and accounts of quoted companies associated with the Corporation may obtain them upon application to the Managing Secretary or to the Joint London Secretaries of the Corporation. Changes of address should be notified to the Corporation's transfer secretaries:

CONSOLIDATED SHARE REGISTRARS LIMITED
62, MARSHALL STREET, JOHANNESBURG
(P.O. BOX 61051, MARSHALLTOWN, TRANSVAAL)
OR
CHARTER CONSOLIDATED LIMITED
KENT HOUSE
STATION ROAD, ASHFORD
KENT, ENGLAND



aac

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

AR53

Chairman's Statement

1971

Statement by the Chairman

Mr H. F. Oppenheimer

*To be read in conjunction with the Corporation's
annual report and accounts for 1970*

In 1970 the consolidated profit of the Corporation after tax rose by 6.8 per cent to R38 978 000. The main factors in this increase were a rise of 15.7 per cent in investment income and of 26 per cent in net interest, fees and other income, less administrative expenses. Against these increases in revenue, prospecting expenses absorbed R1 145 000 more than last year at R5 440 000 and there was a net provision for depreciation of investments of R1 388 000, compared with a surplus on realisation of investments of R1 878 000 in 1969. Earnings per ordinary share rose from 27.9 cents to 29.8 cents and the ordinary dividend was unchanged at 16 cents a share. As a large part of our investments consists of shares in companies which do not distribute their profits in full, the equity earnings I have quoted do not fully reflect our situation. If the Corporation's share of the undistributed profits of these companies were to be included, after allowing for cross-holdings, our total earnings would be approximately 49 cents a share, compared with 52 cents in 1969. This reduction is due mainly to the lower profits earned by the De Beers company, to which I refer later.

The book value of our quoted investments on 31st December 1970 was R224 239 000, showing an increase over the year of R19 743 000, of which about R15 000 000 is attributable to the increase of minority interests in Rhochar Holdings Limited, particularly those of Rand Selection Corporation Limited. The book value of our unquoted investments increased by R4 475 000 to R83 096 000, and their estimated value exceeded book cost by some R65 000 000. As a result of the continued fall of prices on the Johannesburg Stock Exchange, however, the market value of our quoted investments fell by R134 003 000 to R605 514 000 over the year. Since the year-end market values have tended to improve to the extent that our quoted investments had a value of approximately R660 000 000 in the middle of May. These significant variations in market prices underline the arbitrary nature of the present practice of writing down quoted investments to the prices ruling at 31st December

each year in those instances where book value exceeds market price. This practice takes no account either of the nature of the investment or of any improvement in market prices in subsequent years. We have therefore decided from now onwards to change the basis of accounting and to create a provision which, while still taking due cognizance of market prices, will permit directors to exercise their discretion. The details of the method we propose to adopt are set out in the directors' report.

SOUTH AFRICA

In my statement of two years ago, written when the stock market boom was at its height, I drew attention to the fact that the greatly increased share prices did not in any way reflect a corresponding increase in earnings or dividends. Indeed, the market boom took place at a time when earnings were increasing comparatively slowly, with the result that the earnings yield on South African industrial shares fell sharply to a level that was only very slightly higher than that prevailing in London and was actually below the level prevailing in New York. This was an unprecedented state of affairs, which I thought gave considerable cause for concern. Today the situation has been completely reversed. The fall in share prices over the last two years has coincided with a substantial improvement in corporate earnings, which is reflected in an increase of 7.0 per cent in real gross domestic product in 1969 and of 5.2 per cent in 1970, compared with a gain of only 3.8 per cent in the market's boom year of 1968. In consequence the average earnings yield on industrial shares in South Africa is now almost twice as high as in London and two-and-a-half times higher than in New York.

Taken by themselves, these figures would certainly suggest that the fall in stock market prices in South Africa has been overdone. On the other hand the market reflects not only current conditions but also the long-term outlook, about which great uncertainty exists. The cost of living index in South Africa rose by 3.5 per cent in 1969 and by 4.2 per cent in 1970.

While these figures may not appear very high by the standards of some countries, they record a substantial increase in the rate of inflation and, given the particular circumstances in South Africa, must be looked on in a serious light. Inflationary pressures still remain great and in particular there is at present a critical shortage of skilled labour. The authorities have tried to meet this situation by maintaining a prolonged credit squeeze, which is still in operation. A severe anti-inflationary budget had therefore been generally forecast. In the event the budget was certainly severe, since it had to provide for an increase in total government expenditure on revenue and income account that is probably in excess of 15 per cent—a figure which in the circumstances is alarming. Nevertheless it cannot be claimed that this was an anti-inflationary budget. To the considerable extent that the increase is to be financed by foreign borrowing it is positively inflationary and to the extent—also considerable—that it is financed by additional burdens, by way of tax and loan levy, imposed on companies and on the higher income earners, it will tend to be mainly at the expense of saving and industrial growth in the private sector. The Government, therefore, continues to rely on the credit squeeze as the sole positive anti-inflationary measure.

While these are valid criticisms it should be frankly admitted that the task of the Minister in framing his budget must have been a particularly difficult one. It can never be easy to keep government expenditure in check and the requirements of the infrastructure were undoubtedly very large and had to be met. To my mind, however, it is quite wrong to represent South Africa's economic difficulties as merely superficial, as a temporary indigestion caused by over-ambitious development in the past which can be quickly cured through the operation of the credit squeeze, after which rapid growth can be resumed. And yet this is, I am afraid, the official view of the situation. The fact is that South Africa's undoubted potential for rapid, long-term, economic growth requires major changes in the whole structure of the

economy for its realisation. What has already been achieved in South Africa is very remarkable, so remarkable indeed that we are approaching the stage where the full potential of the economy, as it is at present organised, will have been realised, so that if structural changes are not made we shall have to content ourselves with a much lower rate of growth than that to which we have been accustomed and for which we hope in the future.

Basically our economic difficulties do not spring, as they are often said to have done, from our having advanced too rapidly in the past, but on the contrary, from our not having advanced fast enough. And we have not advanced fast enough because South African industry has not been able to make full and effective use of the large and willing reservoir of labour that is available to it. Boundless prospects for economic growth and for a wider and better life for all the peoples of South Africa are clear before us, but they will not be attained so long as a large majority of the population is prevented, by lack of formal education and technical training or by positive prohibition, from playing the full part of which it is capable in the national development. Nor should it be thought that better jobs and better pay for the African majority would be bought at the expense of the European worker. On the contrary, African advancement could certainly make possible much more rapid advancement for the Europeans also. The refusal to train and use African and, to a lesser extent, Coloured and Indian labour fully and effectively lies at the root of our economic problems, including the Minister's problem in framing his budget. The public sector's share in the economy is great and growing: it has been estimated that by 1969, excluding agriculture, 25 per cent of the entire work force and 37 per cent of the White work force was in public employment. It is no wonder then that it should be difficult to keep government expenditure in check: it cannot be easy to provide on a modern and effective scale for the infrastructure and for the defence of the country with its 21 million inhabitants if about 80 per cent of the

population remains untrained and underemployed.

Rapid progress with what we call African advancement would do more than raise material standards for all sections of the population. It would help powerfully to harmonise the natural and reasonable aspirations of the majority of the people with the structure of the economy and the stability of the State. It would do more than any dialogue with other African States, important and valuable though such a dialogue undoubtedly would be, to defeat the sterile policy of isolating South Africa, a policy advocated by the right wing element in South Africa and by the left wing element abroad.

In regard to all these matters there is now, I am sure, a greater measure of agreement among South Africans than would appear on the surface. The business community as a whole has in these circumstances a special contribution to make and I believe that our Group in particular, with the wide experience it has gained in African countries and overseas, can play a significant part in helping to solve the problems with which South Africa is now faced.

GOLD

During 1970 the gold mines of the Group increased the tonnage milled by 850 000 metric tons to the record total of 24 643 000 tons. However, as a result of a fall in the average grade mined the amount of gold recovered was marginally lower at 395 619 kg. Working profit, excluding premium income, fell by R6.4 million to R144.3 million in 1970. The effect of a rise of just over four per cent in the unit cost of stores and of a significant increase in wages was largely offset by the higher tonnage milled and by improved efficiencies. It is not possible, however, to offset the fall in grade which is taking place at certain of the richer mines in the Orange Free State, notably Free State Geduld where the ore in the highest grade portions of the mine is coming to an end, so that it is necessary to move into lower grade areas.

Steady progress was made with two major developments within the Group: the sinking of the Vaal Reefs

South shafts and of the No. 4 shaft at President Steyn. We expect the first ore to be hoisted from Vaal Reefs South before the end of the year. Production from these two areas will much more than replace the gold at present being mined from the two East Rand mines of the Group, whose lives are expected to end by 1973.

The industry continues to suffer from a severe shortage of skilled labour and although discussions have been continued throughout the year with various trade unions regarding African advancement, which could go a long way toward solving this problem and enabling Europeans to advance to more responsible and remunerative work, little progress has so far been made.

The premium income arising from sales of gold on the free market last year was less than in 1969, but nevertheless the behaviour of the market has been encouraging. After the very rapid rise in the early part of 1968, which was certainly mainly speculative, the free price fell back towards the end of that year and at the beginning of 1969 was down to the monetary price of \$35 an ounce. In terms of the arrangements which had been entered into, South Africa was consequently entitled to sell newly-mined gold at \$35 an ounce to the International Monetary Fund and substantial sales were in fact made early in 1970. During March 1970 the price of gold on the free market again rose slightly and it has not fallen to \$35 again. Since April 1970 the whole of South Africa's output has been sold on the free market and from September onwards the price rose steadily to the level of approximately \$39 at the end of April 1971. Since then a renewed currency crisis has occurred, the outcome of which cannot be foreseen at the time of writing; but certainly there would not seem to be any cause for pessimism about the long-term prospects for the gold price.

URANIUM

The production of uranium by the Group fell slightly on account of lower grade, but all the plants continued to operate at full capacity. The world supply

of uranium at the present time exceeds demand and prices are tending to weaken. There is good reason to think, however, that demand will increase substantially in the course of the 70's and will exceed the productive capacity of existing mines. Even taking into account the very high-grade discoveries that have been reported in Australia, it is unlikely that the additional quantities required will be forthcoming without significant increases in price. We remain optimistic, therefore, about the long-term outlook.

DIAMONDS

1970 was a difficult year for the diamond industry. Sales by the Central Selling Organisation at R378 421 000 were 23.5 per cent less than in 1969 and the De Beers company's net profit declined from R114 263 000 in 1969 to R78 629 000 last year. The consolidated accounts of De Beers show that during the year the value of diamonds on hand increased by R88 450 000 to a total of R184 019 000. The lower profits and higher stock reflect the effects of the business recession, particularly in the United States, and of a substantial increase in the production of diamonds from sources outside the De Beers organisation which made it necessary to purchase and stock considerable quantities of goods.

The Central Selling Organisation, on which the stability of the trade largely depends, is based on periodical long-term contracts with the major producers. These contracts, which came to an end on 31st December last, have been renewed in an amended form for a further period. At the present time market conditions show a small but definite improvement and there is reason for cautious optimism about the future. The De Beers company's dividends for 1970 and also the dividends of Anglo American Investment Trust Limited, through which the majority of our diamond investments is held, have been maintained.

COAL

Sales by the South African collieries of the Group rose by 1.14 million metric tons to 15.98 million tons

in 1970, an increase of 7.2 per cent, and working profits rose by R600 000, or 6.8 per cent, to a total of R8.8 million.

In March 1971 a R252 million contract was signed between the Transvaal Coal Owners Association and Japanese steel mills for the supply of 27.8 million metric tons of low ash metallurgical coal to Japan, over a 14-year period. Two Group collieries, Springbok and South African Coal Estates, will participate in this contract and will together provide about 36 per cent of the total tonnage to be shipped. The successful conclusion of this important contract would not have been possible without the active support of the Government and the South African Railways. A new rail link is to be built between Ermelo and the Witbank area, which under normal South African practice would have had to be guaranteed entirely by the users. In this instance however the Government, in order to assist the coal mining industry in its export drive, has agreed to bear half of any operating losses that may be incurred. It is hoped, naturally, to increase coal exports eventually to the point at which the line will be economically viable, but this would not be the case on the basis of the Japanese contract alone.

The existence of this high-capacity rail link, together with the bulk terminal at Richard's Bay which will be operated by private enterprise and is due for completion by 1976, will considerably strengthen the competitive position for a variety of South African coals, including steam coal, anthracite and form coke feedstock.

Initial deliveries have been made to the Electricity Supply Commission's Arnot power station in terms of a contract by which the Group will supply 5.5 million tons of coal a year to Arnot when it reaches full capacity. Work has started on the site of the 3 000 MW Kriel station to which we have contracted to supply 7.9 million tons a year. As a result of these developments we estimate that by 1980 the Group will be producing about 30 million tons of coal a year in South Africa.

INDUSTRY

Almost two years ago the Highveld Steel and Vanadium Corporation complex was officially opened. It was only to be expected that this major project, based as it was on an entirely novel process, would have to face serious teething problems, and some of these continue to restrict output. Plans are well advanced to increase vanadium production to meet the anticipated growth in world demand and, as vanadium and steel are co-products at Highveld, more steel will also be produced. In 1970 Highveld contributed by way of exports no less than R20 million to South Africa's foreign exchange reserves, in addition to reducing, by its local sales, South Africa's need to import steel in various forms.

During the year the South African Iron and Steel Industrial Corporation Limited and its associates entered into an agreement with the British Steel Corporation and our Group to form International Pipe and Steel Investments S.A. (Proprietary) Limited, which acquired control of three of the largest South African steel consuming companies. This development is an interesting example of co-operation between private enterprise and the agencies of the State, and is designed to co-ordinate production and utilisation in important sections of the steel industry.

The Mondi Paper Company Limited, in which we are associated with The Bowater Paper Corporation Limited and Johannesburg Consolidated Investment Company Limited, has made excellent progress with the construction of its plant at Merebank near Durban. Despite difficulties with labour and material shortages the slitting line commenced operation last December and the main plant is scheduled to be commissioned on time early in the second half of this year. In due course, when the plant is operating at capacity, it will save R14 million of foreign exchange a year through import replacement.

Some 80 years ago the company to which Vereeniging Refractories Limited is the successor started operations as the first manufacturing industry in

Vereeniging. This year the company was able to increase its turnover by 20 per cent and its profits after tax were 13.6 per cent higher. This creditable performance was the result, to a considerable extent, of a vigorous diversification programme, in addition to expansion in the production of the basic lines of refractories and allied products.

African Explosives and Chemical Industries Limited had an excellent year. Profits after tax increased by 31.4 per cent to R18.5 million.

Generally speaking our industrial interests have done well during the year, although the earnings of certain companies engaged in major civil engineering contracts have been very seriously affected by adverse circumstances, including particularly the spiralling costs of labour and materials.

PROPERTY

The past year has been one of significant progress in the development of our property interests. A number of these are now consolidated in a company quoted on the Johannesburg Stock Exchange, Anglo American Properties Limited (Amaprop), which was formed by the merger of City Developments Limited with Anglo American Property Investments Limited. Amaprop has a well-diversified portfolio with net assets valued for the purpose of the merger at about R52 million. It is administered by the Corporation and is the main vehicle for new commercial property investments undertaken by the Group. On 1st March 1971 we also took over from Union Acceptances Limited the administration of two unquoted property companies, Retail and General Properties Limited, and Land Investment and Development Corporation Limited, which have specialised portfolios.

CHARTER CONSOLIDATED

Charter Consolidated Limited, our associate company in London, continued to make satisfactory progress and its net profit for the year ended 31st March 1970 was £12 998 000. For the first six months of its current financial year the net profit amounted

to £7 967 000, compared with £7 066 000 in the corresponding period of the previous year. Income from Zambia Anglo American in the year ended 31st March 1971 was exceptionally high, partly on account of the high copper prices prevailing earlier, and partly because Charter received three dividends during the period due to circumstances connected with the Zambian Government's acquisition of a 51 per cent interest in the country's copper mines.

Good progress has been made at the Cleveland Potash mine in Yorkshire where new British and European shaft-sinking records have been achieved. In Mauritania serious delays were experienced in bringing the Akjoujt copper mine into production but the treatment plant is now in operation and the shipping of concentrates has begun. In the Democratic Republic of the Congo the Charter group, as a partner in an international consortium, is engaged in exploration for copper minerals in extensive and promising areas.

The Hon. Hugh Vivian Smith retired as chairman as from 1st January 1971 and was succeeded by Mr Sidney Spiro, M.C., who is also a member of the executive committee of our board.

ZAMBIA

The scheme of arrangement by which the Zambian Government obtained a 51 per cent interest, through Nchanga Consolidated Copper Mines Limited, in the copper mines of our Group was approved by shareholders during the year. The remaining 49 per cent interest in the Nchanga company is now held through Zambia Copper Investments Limited (Z.C.I.), a company domiciled in Bermuda, in which Zambian Anglo American Limited holds approximately 50 per cent of the shares. In accordance with the scheme the first two instalments of the purchase consideration were paid by the Zambian Government in October 1970 and April 1971. Agreement has also been reached for the acquisition by the Government of a 51 per cent interest in The Zambia Broken Hill Development Company Limited. Shareholders have

approved a scheme of arrangement which would vest this undertaking in Nchanga, which in exchange would issue new shares and an acknowledgement of debt to the value of K3.25 million to Z.C.I. Shareholders of Zambia Broken Hill would receive shares in Z.C.I. in exchange for their Broken Hill shares, and the Government would subscribe in cash for sufficient shares of Nchanga to maintain its 51 per cent share in the company.

Nchanga had a good year. In spite of the fall in the copper price after April 1970 dividends for the year to 31st December totalled K42 million. Dividends from Roan Consolidated Mines Limited for the same period amounted to K28.34 million, of which K3.5 million accrued to Z.C.I.

The year was marred by the tragic accident at the Mufulira division of Roan Consolidated Mines, in which 89 miners lost their lives.

The expansion plans of Nchanga, for which our Group provides management and metal marketing services, are proceeding satisfactorily. The leach cementation process being installed at the Chingola division to treat low-grade materials is expected to be in operation by the middle of this year. It will produce about 70 000 metric tons of copper by the end of 1973, when the cementation step will be replaced by a liquid ion exchange process with a designed capacity of 55 000 tons a year. The Bwana Mkubwa mine will shortly be in production at a rate of 15 000 tons of copper a year and by late 1973 the Kansanshi mine should start production at about the same rate.

UNITED STATES OF AMERICA

Our principal interest in the United States is our controlling holding in Engelhard Hanovia Inc., which in turn holds about 44 per cent of Engelhard Minerals and Chemicals Corporation (EMC). We have recently suffered a grave loss through the death on 2nd March this year of Mr C. W. Engelhard, who was chairman and chief executive officer both of Engelhard Hanovia and of Engelhard Minerals and Chemicals, and was also a director of the Corporation and a member of

our executive committee. Mr Engelhard made an outstanding contribution to the development of our Group and was a true friend to us, and indeed to South Africa as a whole. His success in developing the EMC group is plain to see and we are proud to have been associated with him.

Mr Engelhard was succeeded as chairman of EMC by Mr A. G. Blake, who for many years has been in charge of its minerals and chemicals division. Mr G. W. H. Relly, who is a member of our executive committee and our senior representative in North America, has become chairman of Engelhard Hanovia and also chairman of the executive committee of EMC. Mr Relly will carry the chief responsibility for the development of our relations with the Engelhard group. Mr M. Rosenthal, president of EMC, has been appointed chief executive officer of the company.

EMC achieved record profits last year, but the problems experienced by the American economy have had an adverse impact on its Engelhard industries division, many of whose customers in the automotive, aerospace, electronics and appliances industries having themselves faced difficulties. However, the division is well placed to take advantage of conditions as they improve, and prospects for developing its important and diversified catalyst business are encouraging, particularly in the area of pollution control and with special respect to automobile exhaust gases.

CANADA

Our business in Canada was affected by the general turn-down in the North American economy and by lower metal prices. Hudson Bay Mining and Smelting Co., in which Anglo American Corporation of Canada Limited (Amcan) has a 28 per cent holding, paid lower dividends in 1970 and Amcan's profits were further affected by high interest charges and by the necessity to make provision for certain unrealised losses on its trading operations. Hudson Bay's results during the current year have been seriously affected by

a strike that started in January at its base metal mining operations at Flin Flon, and which unfortunately has not been settled at the time of writing. However, the company's investment in potash mining is now coming to fruition and the potash division has shown its ability to operate competitively in the present difficult market conditions. Amcan and Hudson Bay are continuing their widespread prospecting programme in Canada and a number of targets have reached the drilling stage.

We have followed closely and have contributed to a nation-wide discussion which resulted from the publication by the Canadian Government in 1969 of a White Paper on taxation reform. It is hoped and believed that the Government's final proposals will be significantly modified from those put forward in the White Paper. There has been an extensive debate regarding foreign control of Canadian resources and in this matter we are naturally concerned to see that any government action that may be taken will not be prejudicial to those foreign interests which operate in Canada through resident Canadian corporations.

AUSTRALIA

Over the last six years the Anglo American Corporation and Charter Consolidated groups in partnership have undertaken extensive prospecting in Australia, both independently and with other companies. While we have not as yet been successful in proving a mineral deposit which could be worked at a profit, we have built up a staff with considerable knowledge and experience of Australia.

We have great faith in the future development of Australia, and in particular its mineral potential, and believe that we can make a real contribution to both. We have therefore decided that it would be appropriate to increase our interest in the country and broaden the scope of our activities, and a new company, Australian Anglo American Limited, is now in the process of formation. The principal shareholders will be the Anglo American Corporation and Charter Consolidated groups, together with Zambian

Anglo American. Australian Anglo American will seek opportunities for new business in addition to our prospecting activities which will continue as heretofore. As soon as the company has developed to a point where it is appropriate, an offer of shares will be made to the Australian public.

As announced on 3rd May, Anglo American Corporation (Australia) Limited, a wholly-owned subsidiary of our Corporation, has entered into exploratory discussions with Poseidon Limited and has agreed to make available to it bridging finance of up to \$10.5 million (Australian) upon the provision of adequate security. The intention is that as soon as Australian Anglo American is established it will take over this loan.

DIRECTORATE

I have already written of our great loss through the death of Mr C. W. Engelhard, who joined our board in 1960 and became a member of our executive committee in 1966. I must also record the deep regret with which we learnt of the death on 15th November 1970 of Mr H. C. Koch, who retired from the board at the end of 1969. The Hon. H. Vivian Smith resigned from the board at the end of 1970 after 23 years service as a director. Mr Vivian Smith was managing director of the Corporation in Johannesburg from January 1949 to November 1952. He then returned to England where in due course he became an executive director of The British South Africa Company. In this capacity he took a large part in bringing about the amalgamation of The British South Africa Company with the Central Mining and Investment Corporation Limited and The Consolidated Mines Selection Limited to form Charter Consolidated, of which he became first a deputy chairman and then chairman. Mr Vivian Smith remains a director of

Charter, so that his ability and experience have not been lost to us. He is a man of exceptionally sound judgement who has made an outstanding contribution to the affairs of the Group, both in Johannesburg and in London.

Mr H. MacConachie, who had been technical director of the Corporation since 1966, retired on 30th September last year. Mr MacConachie served the Group for no less than 42 years. His technical skill and organising ability were acknowledged through the mining world and in the Group he was regarded with respect, admiration and affection.

Mr W. S. Gallagher has succeeded Mr MacConachie as technical director. His experience in the Group is very wide and he has shown himself to be a man of exceptional enterprise and ability. I have no doubt that he will prove an outstanding leader of our technical services.

Mr W. D. Wilson was appointed a deputy chairman on the 28th December 1970 in succession to the late Mr R. B. Hagart. Mr Wilson was managing director in Johannesburg from January 1958 to August 1964 and then moved to London where he became a deputy chairman and managing director of Charter on its formation. He returned to Johannesburg in August 1969.

In March of this year Mr J. Ogilvie Thompson and Mr G. H. Waddell became members of the executive committee of our board. Mr Ogilvie Thompson, in addition to his wide responsibilities in regard to the Group's finances, has recently become responsible for the Corporation's diamond investments in South Africa. Mr Waddell has been closely concerned with the development of our North American interests and more recently has played an important part in building up our business in Australia.

44 Main Street
Johannesburg
21st May 1971



Chairman



AAC

WAGS

PAS-2AF

NORTH